

The NATIONAL UNDERWRITER

Life Insurance Edition

A Timely Discussion of DECLINING INTEREST RATES

from our
103rd Annual Report to Policyholders

IT is because every phase of a life insurance company's operations is affected adversely or beneficially as the interest rate falls or rises, that a discussion of interest rates is introduced as a prologue to this report. The attention of policyholders of the Company has been called to this problem each year since 1940.

The interest rate, under conditions as they prevail today, is one of the most significant, if not the most significant, factor in the operations of a life insurance company, because to it, the amount of dividends and the cost of insurance are irrevocably tied.

Companies may, by changing their investment policy, temporarily aggravate or mitigate the critical nature of the problem created by falling interest rates. But no modification of policy can permanently provide an escape from the grave consequences arising out of the inordinate decline of the interest rate over the last decade.

Unhappily, however, there is not, in some quarters, an adequate understanding of the importance of the interest rate to policyholders and of the seriousness of the situation that the extremely low interest rate has created.

Rates Based on Interest Assumptions

Mutual life insurance companies base their premium rates on the assumption that a certain minimum rate of interest will be earned upon invested funds. On this basis they issue contracts that may remain in force, at fixed premiums, for long periods—in some cases 75 years or more.

If the interest earned is greater than the amount required, there is excess interest which can be returned to the policyholders. But if the interest earned is less than the required amount, there is an interest deficiency, and earnings derived from other sources, such as mortality savings and savings in expense,

must be diverted to make good that deficiency.

During the Twenties, the marked improvement in mortality and the corresponding increase in gains from that source had the effect of concealing, during the early and mid-Thirties, the consequence of the interest rates when they began slowly to fall. The precipitate decline during the past ten years, however, has created such a condition that other sources of gains must carry an ever increasing burden and can no longer conceal the reflection of falling interest rates in the cost of policyholders' life insurance.

Cost of Life Insurance Increased

The drastic decline in yield, best illustrated by the decline in the rate on long-term U. S. Government bonds during the period 1933-1945 from 4% to less than 2½%, has radically reduced the rate earned by this Company, and by all insurance companies, on their invested assets. This in turn has substantially increased the cost of the life insurance protection possessed by 27,000,000 American families, because it has reduced the amount that otherwise would have been available annually for distribution to policyholders.

Careful examination of 11 life insurance companies, selected because of the general similarity of their operations, indicates that if the interest rate had been only 1% higher in 1944, their dividends to policyholders could have been increased by at least \$76,000,000. On this same basis, all companies in the life insurance business could have increased their dividends in 1945 by at least \$323,000,000. The view—unhappily widely held—that low interest rates cause no harm and impose no cost to any group is, therefore, a wholly fallacious one.

LEWIS W. DOUGLAS,
President

Our 2nd Century of Service

THE MUTUAL LIFE

INSURANCE COMPANY of NEW YORK

"First in America"

34 NASSAU STREET



NEW YORK 5, N. Y.

Lewis W. Douglas, President

FRIDAY, JUNE 7, 1946



I just
love
dressing up.

I feel
like
a clown
in this rig!



YES! Man would rather be himself—but a woman likes new guises to enhance her charms. That's one cue which leads wise insurance men to show her how policies can be planned to help make dreams come true.

LADIES' HOME
Journal
THE MAGAZINE WOMEN BELIEVE IN

Sweeping Victory for State Taxes and Regulation

**PL15 Saves Discriminatory
Levy; Regulatory Acts Un-
touched by S.E.U.A. Case**

By **JAMES C. O'CONNOR**

State supervising officials and adherents of state supervision of insurance breathed more easily after two important decisions of the United States Supreme Court this week. The cases gave state supervision its greatest boost since the Southeastern Underwriters Association case, two days less than two years before, and upheld, flatly and enthusiastically, the first part of the McCarran-Ferguson act (Public Law 15).

More specifically, the Supreme Court, in Prudential's case on the South Carolina premium tax, upheld, on the authority of the McCarran law, state premium taxes which impose a higher rate on out-of-state companies than on domestic carriers. Then, in the case of Robertson vs. California, it upheld the California laws requiring licensing of agents and prohibiting doing business with non-admitted companies. Associate Justice Rutledge wrote both opinions.

Cases Go Very Far

The Robertson case is particularly strong, because the facts entered occurred after the S. E. U. A. decision, but before the McCarran law was passed early in 1945. Thus, this case amounts to a clean affirmation of what Associate Justice Black maintained in the S. E. U. A. case, but which the late Chief Justice Stone and many insurance men doubted—that the S. E. U. A. case did not overrule Paul vs. Virginia, and did not fundamentally disturb state regulation of insurance, unless Congress should affirmatively take over this regulation. It held this to be the case even without benefit of the McCarran act.

The decision came close to being unanimous. Only seven justices took part, no successor to Chief Justice Stone having been appointed as yet and Justice Jackson being in Germany on the war crime trials. The Prudential opinion stated that Justice Black concurred "in result," without giving his opinion. Associate Justice Douglas appended a brief opinion to the Robertson case, stating that he believes the McCarran law would sustain the majority view, but that he did not agree with the main conclusion.

Beyond any reasonable doubt, the Prudential decision will end all argument about discriminatory premium or other insurance taxes, at least as long as the McCarran law remains on the books. Justice Rutledge made it clear that he was avoiding any indication of how the court would have ruled in the absence of the McCarran law.

Despite the fact that the decision turned on the preamble of the McCarran law, Justice Rutledge devoted much space to a lengthy, philosophical comment on the commerce clause of the federal constitution and the balance between state and federal regulatory powers. Technically, this is nothing but irrelevant "dicta." Observers believe

See Forbes or Parkinson as N.A.I.C. Chairman

On the eve of the insurance commissioners' convention at Portland, Ore., there has been little general speculation as to how the election of officers may turn out.

It has been taken for granted that Dineen of New York, who is vice-president, will be elected as the new president succeeding McCormack of Tennessee and that Thompson of Oregon, presently chairman of the executive committee, will be advanced to vice-president and put in line for the top position next year.

The interest, therefore, lies in the choice of a new executive committee chairman. It has been the custom of the association to provide for geographical rotation, and from the geographical standpoint the election of a middlewestern commissioner would appear to be the logical step.

The outgoing president is from the south, the new president will be from the east and the new vice-president from the far west.

If the choice is to be made from among the middle western group, the most logical possibilities, on the basis of length of time in office and leadership in association affairs, would appear to be Forbes of Michigan and Parkinson of Illinois. So far as can be determined, nothing resembling a campaign has been organized in behalf of either of these commissioners, but it seems to be the consensus that the field naturally narrows down to them if it is to be the turn of the middlewest this year.

however, that these remarks may lay the groundwork for a series of decisions, all treating state supervision of insurance very liberally.

Constitutionality of P.L. 15

Also the Prudential decision, in the last paragraph, declares the McCarran act constitutional—a condition doubted by many critics when the law was passed. It has been pointed out many times that no previous federal law has provided that a particular business shall be subject to the laws of the state regulating or taxing it, that the continued regulation and taxation of that business is in the public interest and that no federal law shall invalidate or impair a state law touching that business. That is precisely what sections 1, 2a and 2b of the McCarran law say as to insurance and the Prudential opinion holds that it is not an unconstitutional delegation of legislative power. The clear implication is that a similar law applying to any business would be sustained.

In a footnote, not shown in the text of the opinion here, Justice Rutledge says: "The McCarran act is, in effect, a determination by Congress that the business of insurance, though done in interstate commerce, is not of such a character as to require uniformity of treatment."

Where Is Line?

Insurance company executives will undoubtedly ask whether the Prudential decision puts any brake on the state taxing powers, or whether any tax, no matter how onerous, would be sustained. The degree of burden of the South Carolina tax was not discussed in the opinion. Justice Rutledge hints that there is a limit, but does not attempt to define one. Legal authorities considered the following part of his opinion particularly significant:

(CONTINUED ON PAGE 23)

Vice-presidents Are Startled by Truman Speech

Insurance people generally were startled by the reference to big insurance companies in President Truman's address to the graduating class at Washington college, Chestertown, Md.

"You know, I am rather an advocate of small business, and small educational institutions and small communities," the President declared. "I have said time and again that I would much rather see one thousand insurance companies with \$4 million in assets than one insurance company with \$4 billion. I would rather see a hundred steel companies than one U. S. Steel Corp. I would rather see a thousand banks than one National City Bank."

Recrudescence of V. P. Jokes

"You know the reason for that? Every one of those small institutions gives some two or three men a chance to be 'big shots' in their communities. When you go to the National City Bank, the U. S. Steel Corp., or Metropolitan Life Insurance Co., you will find one 'big shot' and a hundred or so vice-presidents — vice-presidents — vice-presidents. So many vice-presidents that you can't tell how the institutions run."

One thing seems to be certain and that is that the vice-presidents of big insurance companies are in for an era of ribbing and will have to turn on the mechanical smile as they hear over and over again such corny quips as that the vice-presidents of Chase National Bank have to go in a side entrance, because if they went in the front it would look like a run on the bank.

Don't Fear Anti-V.-P. Law

Most observers felt that Mr. Truman's remarks did not necessarily carry any implications of political action in the making and that there is no immediate threat of federal legislation to abolish or suppress vice-presidents. Some were wondering whether Mr. Truman had reflected upon what he was saying and whether he realized that a life insurance company with \$4 million of assets would be one with only about \$20 million of insurance in force. Such a company has difficulty in conducting its operations on an economical basis as those of larger institutions and if the life insurance business were conducted entirely by companies of that size, the cost to the policyholder would be a great deal more, even though it would have the effect of producing several thousand "big shot" presidents and would do away with many a battery of vice-presidents that occupy such a subhuman niche in Mr. Truman's estimation.

Some were speculating that the speech had no more significance than an attempt by Mr. Truman to get back in the good graces of those labor people that parted company with him in his recent stand; that he was simply taking a poke at big business to show labor that his heart was really in the right place.

Premium Is Wage Issue Factor

NEW YORK — The extra premium that airline pilots must pay for life insurance entered into the deliberations before the presidential fact-finding board hearing a dispute between Airlines Pilots' Association, AFL, and T.W.A.

E. I. Whyatt of Northwest Airlines testified the extra for pilots is \$2.50 as compared with \$31 in 1931. The death rate of pilots in 1931 was 23 per 1,000 while the rate in 1945 was three. He said railroad and candy factory workers pay twice as much extra premium as pilots and bartenders and street cleaners pay four times as much.

Federal Fiscal Policy Seen Halting Interest Decline

**Signs Indicate Govern-
ment Authorities Feel Rates
Are Low Enough**

Recent happenings in the Treasury Department and the federal reserve system have given ground for believing that the government has decided that interest rates have been pushed low enough. This is encouraging for the life insurance business, as a tug of war has been going on between the extreme new dealers who espoused the theory that government bonds should be marketed on a zero interest basis and the more conservative element, who now seem to have stayed the downward course. The powers that be seem to want long term government bond interest yields to remain at least within speaking distance of where they were during the war.

Views Apparently Implemented

The first evidence along this line showed up in talks during January by Marriner Eccles, chairman of the board of governors of the federal reserve system, and Allen Sproul, president of the Federal Reserve Bank of New York. They indicated that interest rates had gone low enough.

Then, between the latter part of December and early April the federal reserve banks very greatly reduced their holdings of government securities. This seemed to be implementing the views expressed by Messrs. Eccles and Sproul. But it could not be regarded as certain that this was so. Also, the Treasury's attitude was a factor of major importance. A clue to the Treasury's policy was its redemption of maturing debt, a procedure calculated to have a somewhat dampening effect on government bond prices.

Preferential Discount Rate

The latest indication was the federal reserve system's elimination of the preferential discount rate for government bonds. The present discount rate is 1% but during the war it was one-half of 1% for loans secured by government securities having a maturity of less than one year. This also tended to dampen the government bond price structure.

Long term government bonds are still about three points above par, having come down from a peak of 106 early this year. The high price was apparently due to a lack of new financing and buyers' fear that no more governments at 2½% would be issued. These gyrations have had little effect on life companies' financial operations as they have not bought many government bonds since last December's issue. Corporate bonds and mortgages have been coming into the market and have absorbed considerable life company money.

Spread Remains Constant

While federal reserve and Treasury controls directly influence the government bond market, they also influence other securities. There is normally about a half-point spread between long-term governments and the best corporate bonds. This spread tends to remain quite constant.

Words of Supreme Court in Cal. Case

The text of the decision of the U. S. Supreme Court in *Robertson vs. California*:

This case differs from *Prudential Insurance Co. v. Benjamin*, No. 707, decided this day, in three respects. It is a criminal case; the statutes involved regulate, rather than simply tax, the business of insurance; and appellant's acts held to violate them were done before the McCarran act's effective date.

Appellant was convicted in a state court for violating §§ 703 (a) and 1642 of the California insurance code and the conviction was sustained on appeal to the superior court of Ventura county. Appellant now urges here primarily that the application which has been made of those sections is a regulation of interstate commerce forbidden by the commerce clause of the Constitution, Article I, § 8, in view of *United States v. South-Eastern Underwriters Ass'n*, 322 U. S. 533. He also puts forward due process and equal protection arguments, resting on his conception of the applicability of those provisions of the Fourteenth Amendment.

The California insurance code provisions are as follows:

"703. Except when performed by a surplus line broker, the following acts are misdemeanors when done in this state:

"(a) Acting as agent for a nonadmitted insurer in the transaction of insurance business in this state."

"1642. A person shall not act as an insurance agent, broker or solicitor until a license is obtained from the commissioner, authorizing such person so to act."

The complaint charged in two counts that appellant had (1) acted without a license as an agent for a nonadmitted insurer in soliciting and selling a policy contrary to § 703(a), and (2) solicited and sold a policy of insurance without being licensed as required by § 1642.

"Gold Seal" Policy

The evidence, which is undisputed, disclosed the following facts. The First National Benefit Society is an Arizona corporation, conducting from Phoenix a mutual benefit type of insurance business. Its method of operation must be inferred from the facts of record, in the absence of other evidence. One O'Lein, then an elderly resident of Ventura, Cal., had difficulty in securing insurance on account of his age. Prior to Aug. 28, 1944, he had learned of the Society's "Gold Seal" policy, by radio and through "literature." This apparently was mailed from the home office and included a printed form of return postal card marked, presumably pursuant to postal permit, "Postage will be Paid by Addressee," the Society. O'Lein filled in and returned the card to the Society in Phoenix, asking it to "send me, without obligation, details of 'Gold Seal' Policies." A few days later, on Aug. 28, 1944, appellant called at O'Lein's home with the card, stating he represented the First National Benefit Society. Thereupon he explained to O'Lein the terms of the policy, its benefits, and costs, soliciting and persuading the prospect to take out a policy for himself and one also for his wife. No medical examination was required. Appellant filled in the application forms, procured the signatures, accepted from O'Lein a check made out in appellant's name in payment of the first quarterly premiums, gave receipts, later cashed the check at a local bank, and received the proceeds. A few days later the O'Leins received policies by mail from the Society's office in Phoenix.

The evidence further showed that the Society was not admitted to do business in California and that appellant had no license of any kind to act as an insurance agent, broker or solicitor there.

Objections Founded on Commerce Clause

We may deal first exclusively with the objections founded on the commerce clause, since each of the others would be obviously without merit but for the supposed effects of the South-Eastern decision not only in relation to the prohibitory consequences of that clause but also, apparently, to resurrect other limitations upon state power long since settled adversely to such claims in reference to the business of insurance.

Little need be said in relation to the general license requirement of § 1642, except to state more fully its effects by virtue of its relation to other provisions of the California insurance code, which prescribe the conditions for securing the license. Those requirements, in summary, are that an application must be made upon a prescribed form setting forth the kinds of insurance the applicant desires to transact (§ 1643); he must be a citizen of the United States

or one who has applied for citizenship; and must have attained his majority (§ 1643.5); he must pass a written examination as to his qualifications (§ 1649).

Purpose of Code Provisions

Section 1639 declares that the purpose of these and other provisions of the code is "to protect the public by requiring and maintaining professional standards on the part of all insurance agents acting as such within this state." The statutory requirements apply to all agents, without discrimination, whether they represent California or out-of-state insurance companies and whether the business done is interstate or local in character. They apply only to agents acting in California, not to acts done outside the state.

Appellant has not sought to obtain a license under the code provisions, has not been denied one, and has not attacked any particular requirement. His charge is wholesale, not particular. It is, in effect, that since the entire series of acts done by him was directed to the conclusion of an interstate transaction, within the South-Eastern ruling, those acts though taking place altogether within California were inseparably a part of the interstate transaction and therefore beyond reach of the state's licensing or regulatory power. The contention appears to contemplate not only that appellant's acts were interstate commerce, but also that the state cannot impose any licensing requirement upon them or, it would seem, upon any phase of conducting an interstate insurance business through agents acting in person.

Minimum Standards of Decency

To state the argument in this way is in effect to answer it. We accept the regulation for what it purports to be on its face and by the statute's express declaration, namely, a series of regulations designed and reasonably adapted to protect the public from fraud, misrepresentation, incompetence and sharp practice which falls short of minimum standards of decency in the selling of insurance by personal solicitation and salesmanship. That such dangers may exist, may even be widely prevalent in the absence of such controls, is a matter of common knowledge and experience. And no argument is needed to show that these evils are most apt to arise in connection with the activities of the less reliable and responsible insurers, as well as insurance brokers or salesmen, and vitally affect the public interest.

Such being the purpose and effect of § 1642, there can be no substantial question concerning its validity on commerce clause grounds. That is true whether appellant's acts are taken, in their setting, as being "in" commerce or only as "affecting" it. For the case is ruled, so far as § 1642 is concerned, by decisions such as *California v. Thompson*, 313 U. S. 110; *Hartford Indemnity Co. v. Illinois*, 298 U. S. 155; *Smith v. Alabama*, 124 U. S. 465; *Nashville, C. & St. L. Ry. Co. v. Alabama*, 128 U. S. 96; and *Union Brokerage Co. v. Jensen*, 322 U. S. 202.

If, in the absence of contrary action by Congress, a state may license agents or brokers for the sale of interstate transportation in order to prevent fraud, *California v. Thompson*, supra; trainmen engaged in interstate commerce to secure their competence, *Smith v. Alabama*, supra; *Nashville, C. & St. L. Ry. Co. v. Alabama*, supra; the sale on commission of interstate consignments of farm produce to secure honest dealing and financial responsibility, *Hartford Indemnity Co. v. Illinois*, supra; and the activities of customs brokers to secure responsibility in the state courts on claims arising locally, *Union Brokerage Co. v. Jensen*, supra; by the sorts of conditions imposed through the respective licensing provisions there can be no valid reason for outlawing § 1642 here.

Regulatory, Not Exclusionary

That appellant's activities were of a kind which vitally affect the welfare and security of the local community, the state and their residents could not be denied. Cf. *Hoopeston Co. v. Cullen*, 318 U. S. 313, 316 ff. They had in fact a highly "special interest" in his localized pursuit of this phase of the comprehensive process of conducting an interstate insurance business. Cf. *Union Brokerage Co. v. Jensen*, supra, at 212. Here, as in each of the instances cited, appellant's activities called in question were concentrated in the regulating state, although affecting or constituting interstate commerce. Moreover the licensing provision of § 1642 is regulatory, not exclusionary in character; is not discriminatory; is not in conflict with any policy or action of Congress but rather accords with its expressed views in so far as applicable; and is designed appropriately to secure the public from those evils of uncontrolled insurance solicitation to

which it is directed. In view of these facts the regulation "neither discriminates against nor substantially obstructs the commerce." *California v. Thompson*, supra, at 114.

Furthermore, here as in the cited cases, "unless some measure of local control is permissible," the activities and their attendant evils "must go largely unregulated," unless or until Congress undertakes that function. *California v. Thompson*, supra, at 115. And in view of the well-known conditions of competition in this field, such a result not only would free out-of-state insurance companies and their representatives of the regulation's effect, thus giving them advantage over local competitors, but by so doing would tend to break down the system of regulation in its purely local operation.

Surplus Line Procedure

Section 703(a) is interwoven with different conditions and therefore has somewhat different effects than does § 1642. Unlike the latter, which applies to acting as agent for all insurers, it forbids acting as agent for nonadmitted insurers alone, unless the person so acting is a "surplus line broker." To become a surplus line broker one must procure a special license pursuant to the requirements of § 1765. This license also is issued upon application, if the commissioner of insurance finds that the applicant is "truthworthy and competent to transact an insurance brokerage business in such a manner as to safeguard the interest of the insured." The applicant also must file with the commissioner a faithful performance bond in the amount of \$5,000 and pay a filing fee of \$50.

So far as concerns these requirements of § 1765 for procuring the surplus line broker's license, if they are considered without reference to any of the other code provisions, the same conclusion is required concerning the validity of § 703(a) as for that of § 1642, by the authorities above cited and discussed. Indeed the filing fee of \$50 is larger than the combined fees required by § 1642, but not more than the fee involved in the *Union Brokerage* case, supra. And the bond provision is substantially identical with that sustained in *California v. Thompson*, supra. In the absence of any showing that it is administered arbitrarily, the requirement that the license shall issue only after a finding of trustworthiness and competence by the commissioner cannot be taken to be other than an appropriate means of safeguarding the public against the obvious evils arising from the lack of those qualifications. *California v. Thompson*, supra. Considered separately from any relationship to other sections of the code, therefore, the prescribed conditions for securing the surplus line broker's license are no more invalid than those which must be fulfilled to secure the general agent's license under § 1642.

This the state contends is all that needs to be considered, since appellant neither possessed nor, so far as appears, had applied for or been denied a surplus line broker's license. Consequently, in its view, the validity of other provisions of the code is not involved, either directly or by necessary relationship to § 703(a).

Excluding Interstate Commerce

Appellant insists, however, that § 703 (a) taken in conjunction with § 1765, is more than a licensing requirement for regulating the qualifications of agents acting in California in the transaction of the business covered by its terms. It is rather, he maintains, a prohibition of the writing of such insurance there by nonadmitted insurers and their agents. And this, he says, the state cannot do, both because it cannot exclude interstate commerce in California and because it cannot discriminate against out-of-state insurers in such a manner.

These conclusions are based on the view that § 703(a) is related inseparably by its terms and in fact to other code provisions in addition to § 1765, namely, those regulating the admission of foreign insurance corporations to do business in California and the interwoven provisions regulating activities of surplus line brokers. Section 703(a) on its face forbids acting as agent for nonadmitted insurers, except in the case of a surplus line broker. And the combined effects of the provisions relating to such brokers and of those governing the admission of foreign corporations are said to be to "absolutely prohibit" the writing of or aiding in procuring the type of insurance issued here or indeed of any insurance issued by the Society.

Requires Legal Reserves

"California in effect concedes this, alternatively to maintaining that no question concerning the validity of those provisions is presented. The short effect of the admission provisions, for purposes now pertinent, the state admits, is to forbid either foreign or domestic com-

panies to do a life insurance business in California other than on a legal reserve basis, except as to companies engaged in doing such business there prior to Jan. 1, 1940. The policy underlying this exclusion is said to be founded in the state's experience showing that a mutual company doing business "on the stipulated premium plan with right of assessment, without a sufficient surplus and full reserves is not adequately safeguarded to insure that money will be available to pay death benefits." In support of this statement of California's policy and the experience on which it is founded, counsel point to the annual reports of the insurance commissioner covering a period of some six years, from 1934 to 1940, which resulted in some of the legislation now called in question. See also X Report of Joint Insurance Investigation Committee (N. Y.) 364-365 (1906); *Hoopeston Co. v. Cullen*, 318 U. S. 313, 321.

Furthermore, the state apparently concedes, as appellant contends, not only that the Society is excluded from transacting insurance business by the admission requirements and its failure to comply with them, but also that appellant would be forbidden to place insurance with it by the provisions relating to surplus line insurance, even if he had secured the surplus line broker's license.

As we understand it, therefore, appellant's argument in this phase comes in substance to two things: (1) That the admission requirements and the surplus line broker provisions, as they relate to nonadmitted insurers and their agents, are invalid for discrimination against out-of-state insurers and in favor of domestic ones; (2) that California, as a result of the South-Eastern decision, no longer can require foreign insurance corporations seeking to do business there to maintain minimum reserves for protection of policyholders in the state or compel agents or brokers to refrain from representing them there notwithstanding such noncompliance.

Finds No Discrimination

The discrimination argument is without substance in so far as it maintains that the statutes permit domestic companies to operate without meeting these requirements, but forbid out-of-state insurers to do likewise. For, as has been noted, the conditions apply alike to domestic and foreign corporations, excepting only those organized or admitted to do business in California before Jan. 1, 1940. As to them, the standards are applicable, but they too apply equally and alike to domestic and foreign insurers.

That the state has seen fit to draw a line as of that date between new companies seeking to enter the field and established companies, differentiating the two classes by different standards in the minimum reserve requirements, in order to permit the latter to continue in business and build up reserves, does not involve any discrimination as between domestic and foreign or interstate and intrastate insurers. For each may be authorized to enter, and each to continue, on identical terms. Such a distinction does not become discriminatory, in any sense now pertinent, merely because the preexisting companies are allowed to continue their business under somewhat less burdensome reserve requirements than those under which new companies are permitted to enter. See X Report of joint insurance investigation committee (N. Y.) p. 365 (1906). Otherwise the state, having authorized either domestic or foreign companies to engage in the business, would be greatly restricted, perhaps foreclosed, in raising the reserve requirements as experience and the public interest might make necessary.

Apart from this classification, which is clearly within the state's power, the discrimination argument becomes identical with the contention that the state cannot exclude foreign companies, such as the First National Benefit Society, or their agents, from carrying on their business in California for failure to meet her reserve requirements.

Crucial Contention

This is the crucial contention. It too is without merit. The evils flowing from irresponsible insurers and insurance certainly are not less than those arising from the activities of irresponsible, incompetent or dishonest insurance agents. The two things are concomitant, being merely different facades of the same sepulchre for the investments and security of the public. Cf. *Study of Legal Reserve Life Insurance Companies*, T. N. E. C. Monograph No. 28, Section XV. It would be idle to require licensing of insurance agents, in order to secure honesty and competence, yet to place no restraint upon the kind of insurance to be sold or the kinds of companies allowed to sell it, and then to cover their representatives with their immunity. This could only result in placing domestic and complying foreign

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Chicagoans Stunned by La Salle Fire

Shocked by Heavy Loss of Life in Big Fireproof Structure

Chicagoans were stunned by the fire in the fireproof La Salle hotel early Wednesday morning that, according to incomplete reports, cost the lives of about 60 persons and injured a great many more than that. This is believed to be the largest loss of life in a fire in Chicago since the Iroquois theater disaster during the Christmas holiday season of 1903 when the deaths numbered about 500.

Wednesday morning there was available even from fire insurance adjusting organizations, very little of any information in the way of how the fire originated and spread. The blaze may have started in an elevator shaft and caused a flash fire in the Silver room, which was a dimly lighted cocktail lounge on the main floor just at the Madison street entrance. It communicated into the lobby and shot up through elevator shafts. It is assumed that many of those who met death were suffocated or died from a whiff of super-heated air.

The La Salle hotel was formerly owned by Central Life of Iowa which acquired it as one of the assets of the old Illinois Life when it reinsured the business of that company. It had been sold to the La Salle-Madison Hotel Co., headed by Attorney Avery Brundage of Chicago.

The Chicago Association of Life Underwriters has its headquarters on the 18th floor of the LaSalle. The damage to those quarters was mainly due to smoke. The Chicago Chartered Life Underwriters chapter was to have had a luncheon meeting at the LaSalle Wednesday. That was held elsewhere. Temporarily the headquarters of the Chicago Life Underwriters Association will be in the office of President H. K. Nickell, Connecticut General, in the No. 1 LaSalle street building, Tel. Randolph 8440.

Of particular insurance interest was the fact that on Thursday the Illinois insurance department was to have maintained a suite at the LaSalle Hotel for those that were in the city on a stop-over enroute to Portland for the insurance commissioners convention.

The commissioners party is being entertained in the offices of the Illinois department in the Board of Trade building instead.

The Chicago "Tribune" quoted Marion Burks, assistant insurance director of Illinois, who was in a room on the 16th floor, and who escaped down the fire escape, as to his experiences and observations.

Undoubtedly there will be some very substantial life insurance and accident and health losses involved. The LaSalle hotel is one of the first-class loop hotels and it is certain that the guests are of the type that would have on the average fairly substantial personal insurance.

One of those that escaped was C. G. N. Wynne, inspector of taxation of Sun Life of Canada who was in the city for the meeting of the National Tax Association. He lost his brief case and all his clothes except the shirt and trousers he was wearing. He also salvaged his glasses and wallet. His room was on the eighth floor.

Mr. Wynne woke shortly before 1 a. m. Smelling smoke he assumed it was coming from outside and he closed his window. Then he noticed smoke com-

Unions Moving to Organize Debit Men in South

Industrial managers and company men report increasing evidence of a concerted drive by labor unions to organize debit men of southern companies, the only bloc of industrial agents which is still largely untouched by unions. While there has been no specific reference to insurance agents in announced C.I.O. and A.F. of L. plans for invading the south, organization of agents is apparently one facet of this activity. Attempts to organize insurance office workers in the south are also expected.

C.I.O. Most Potent

Up until this time, southern limits of unionization of agents of all but the largest northern industrial insurers have been Missouri, Kentucky and Maryland. Urban centers in these border states

ing through the transom. Opening the door he was gagged by heavy, greasy smoke. After four or five attempts he reached the stairway and with half a dozen others from his floor, some of whom were so overcome by smoke that they had to be helped by the others, he made his way to the fifth floor. There the party met a policeman, who directed them to a fire escape outside the building on which they descended to the street.

Mr. Wynne said that unlike some others in rooms close to his he saw no flames on the eighth floor but that the heat was terrific and the smoke overpowering.

Other life insurance men in the city for the tax association meeting were at the Palmer House where the meeting is being held but Mr. Wynne chose the LaSalle as he had been staying there for years on his Chicago visits.

have been unionized in the last few years.

By far the most potent union in the field is United Office & Professional Workers of America, C.I.O., which includes office workers of many different types and is estimated to speak for 25,000 insurance agents. This union is recognized as bargaining agent on a national scale for debit men of almost all the larger industrial writing companies. Though it has local chapters in virtually every state in the union, its strength lies in the populous mid-west and east. Some southern debit men working for the large companies are members of this union.

Virtually the only competitors to the C.I.O. union are the considerably smaller Industrial & Ordinary Insurance Agents Council, A.F. of L., and the Independent Union of Life Insurance Agents, an independent organization with Milwaukee and other Wisconsin towns as its stronghold. Both of these unions are for life insurance agents exclusively. There are a few small company unions which are of little consequence in the national picture.

Usual Organization Pattern

Union activity along this line began about 1937 and spread to include the majority of debit men in the country. Under terms of the Wagner act, a majority of agents in a specified area for a specified company must vote to name one union their authorized bargaining agent before that union can represent employees officially. The specified areas can be of any size, embracing just one agency of a company or all agents in a district, city or state. The unions prefer to organize on a statewide basis and have been able to do so with the larger companies.

Descriptions of activities in the south indicate that unions are following the usual pattern. Organizers of industrial agents are usually men who have actually worked on debits and who are

(CONTINUED ON PAGE 22)

North Central "Ad" Men Have Spirited Pow-Wow

By HOWARD J. BURRIDGE

Four subjects of special importance to life insurance advertising men were discussed in detail at the annual meeting of the North Central Round Table of the Life Insurance Advertisers Association held in Chicago the first two days of this week. There were two business sessions, a cocktail party and dinner. The talks were interesting, and there were not too many of them.

Nearly everyone in attendance participated in the informal discussions which were animated and to the point. Clyde W. Ferguson, Union Central, chairman, encouraged and obtained widespread audience participation. It was the third and last of this year's L.A.A. round tables.

Oakley R. Tripp, Ministers Life & Casualty Union, supervised the details of extracting a \$10 registration fee from the 35 in attendance, and the meeting began with a get together luncheon. John H. Rader, Ohio National, was chairman of the initial session at which trade journal advertising and agents publications were discussed. As a preliminary to it, Russell B. Reynolds, American Mutual, and president of L.A.A., reported that the parent organization now has 138 company and 266 individual members. He reported that L.A.A. has distributed three research projects so far this year, and one a month will be released during the balance of 1946. Z. Starr Armstrong, Republic National, is in charge of this activity, which has been well received.

Purposes of Advertising

James J. Wengert, associate publisher "Life Insurance Selling" said that insurance trade paper advertising serves to make a company well and favorably known to its own agents, to make it easier for a company to appoint new agents, and to strengthen the institution of life insurance. Mr. Wengert said that the cost of insurance trade paper advertising is low as compared with other lines of business, and that its use eliminates the possibility of the prospective agent saying of a company, "I never heard of it."

Francis J. O'Brien, Franklin Life, remarked that the quality of insurance journal advertising is still not so high as it might be. Too much emphasis is placed upon a company's size, age and assets, he said. A little levity in the copy, a touch of the facetious and a fairly regular use of cartoons tend to make the advertising livelier, more readable, and modern in tone. Mr. O'Brien contended. Trade journal advertising can be made a strong morale builder for a company's agency organization.

George S. Severance, associate general agent Ohio National in Chicago, expressed the viewpoint of the field man regarding agents publications. He had obtained the ideas of many Ohio National agents by circulating a questionnaire. He said that most agents like to read about what others are doing. Publishing the results from the field creates a healthy spirit of competition. He suggested that every house organ list as many names as possible. Production records shown in a house organ serve as an incentive.

Editing the House Organ

George Pease, Equitable of Iowa, in discussing the same subject, described the ideal company magazine as a newspaper. It is also a continuing training process, a source of inspiration, and a living history of the company. When edited on this basis, it creates the family spirit.

H. E. Nelson, General American, and several others discussed the pros and

(CONTINUED ON PAGE 23)

What Is a Pediatrician?

A surprising number of us make strong guesses as to what a pediatrician is.

In any case, if you don't happen to know any pediatrician it might pay you to look up the word. During the past month two of our underwriters had pediatricians as prospects: To one was made a sale of \$5,000; to the other a sale of \$25,000. Both these applicants had very high persistency ratings and were especially welcome as policyholders.

Two members of a hospital laboratory staff bought good-sized cases—\$15,000 and \$5,000. So hospital laboratory staffs could well be worth looking toward for prospects. Four other applicants with strong ratings were a chemical engineer, a research chemist, a chemist, and a supervisor chemist. And then along came another laboratory technician who bought \$6,000. A vocational supervisor was an applicant for \$7,000. An industrial relations director applied for \$12,000, a foreman for \$7,000, a man engaged in national advertising for \$10,000, a farmer for \$5,000, a school principal for \$6,000. These are occupations not so often on prospect lists.

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THE PENN MUTUAL LIFE INSURANCE CO.

JOHN A. STEVENSON
President

INDEPENDENCE SQUARE, PHILADELPHIA

Argentina Sets Up Reinsurance Bank Like Chile, Brazil

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While several countries south of the border still have a free insurance economy, some of them have been eyeing nationalization along the Chile-Brazil pattern for some time. With the A-B-C countries now nationalized to the extent they are, some of the smaller countries are expected to follow suit.

Most of them are under the influence of one or another of the "big three" countries.

Information as to how the reinsurance bank of Argentina will operate has not been received yet in the United States. Decrees are followed by regulations in not sooner than two weeks. The regulations will specify procedure and details.

It is learned here that the reinsurance bank, operated by the government, will require cessions of 30% from national and foreign reinsurers operating in Argentina.

Latin American countries follow French ideology to a considerable extent. In France about 30 of the 300 insurers are being purchased with government bonds, and are to be operated by the government. These 30 are the largest. In addition, the French government has established a reinsurance bank with mandatory cessions of 5% by foreign and domestic companies. Whether the whole 5% will be retained or some of it ceded back to the direct writing companies is not yet certain.

It is likely that Argentina will follow a plan basically similar to the Chilean or Brazilian plans. In Brazil everything must be offered to the reinsurance institute first. The institute then cedes a large chunk back to the companies, which they must take. This is to secure

spread. The originating companies are paid 2 1/2% reinsurance commission, which delegates to the hemispheric conference stated was not enough to cover cost of handling business.

In Chile national companies must offer reinsurance business first to the Chilean reinsurance bank. Then it may be offered to foreign insurers. Foreign companies must cede 20% of Chilean business to the Chilean reinsurance bank, then can reinsure abroad.

Foreign companies, chiefly British and American, have been doing quite a big business in Argentina. The results have been fairly satisfactory, although it is expensive business because of the discounts to insured, which vary from 9 to 30% depending on competition. This is standard business practice in Argentina. It would be termed rebating in this country. In the past there has been a government competitive insurance fund for workmen's compensation, but otherwise Argentina has been a free insurance market.

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Question of Substantial Importance

The question involved is of substantial importance in that it is the first time that a court has held that a model creditors' exemption statute, along the 55a lines, operates as a statute of distribution rather than what it is intended to be, viz., only a creditors' exemption statute protecting the proceeds and avails of life insurance policies payable to designated beneficiaries against claims of the insured's creditors or his personal representatives.

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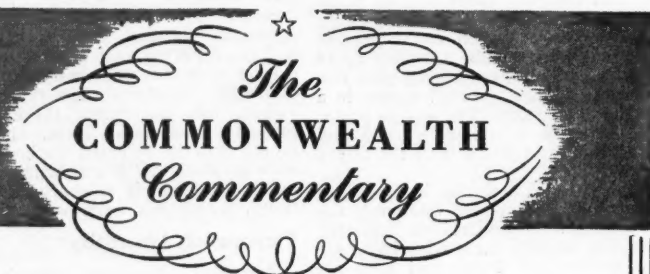
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PAUL SPEICHER
Managing Editor

THE INSURANCE
RESEARCH & REVIEW SERVICE
INDIANAPOLIS



A PEACE OF MIND

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And it is further generally agreed that one of the reasons why a man seldom buys life insurance readily—even the man who needs it, and knows it, and intends to buy it—is that the benefits seem so long deferred.

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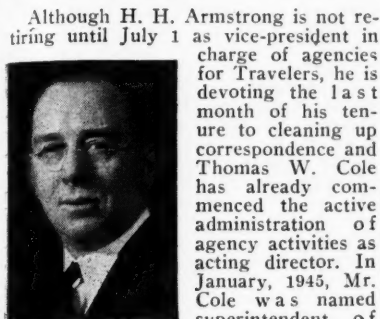
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COMMONWEALTH
LIFE INSURANCE COMPANY

LOUISVILLE • MORTON BOYD, President

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GOLD
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...in every stream, on every hillside!

Nearly a hundred years ago the wild cry rang through America. Thousands of men thrilled to the call of easy riches, and took the hard road to the golden West . . . A few succeeded, but most did not.

Not long before, a new company was started in careful, business-like Hartford, by men who were not gamblers. That company was, in the hundred years now past, to pay to its policyholders and their beneficiaries nearly half as much money as the value of all the gold taken out of California.

The dozen thoughtful men with the vision to found a company which would pay members and beneficiaries, in its first century, a sum approaching a billion dollars, were seeking no great riches for themselves or the company's members. They

sought to furnish protection against the financial chaos that may result from the death of a breadwinner. Their vision has given real financial security to hundreds of thousands of families.

Their idea of the value of wealth was very different from that of prospectors for gold. They saw wealth, mutually saved and wisely invested over the years, as a means of carrying on the family life of the unfortunate in our nation, and of supplying income for men's sunset years of life.

In 1946, The Connecticut Mutual, with 300,000 members, celebrates its Centennial. This institution, born of free enterprise and the vision of business men, goes into its second century with the sure knowledge that cooperation among free men for security and protection is a cornerstone of successful democracy.

The CONNECTICUT MUTUAL
LIFE INSURANCE COMPANY
• HARTFORD •

1846 1946 100 YEARS

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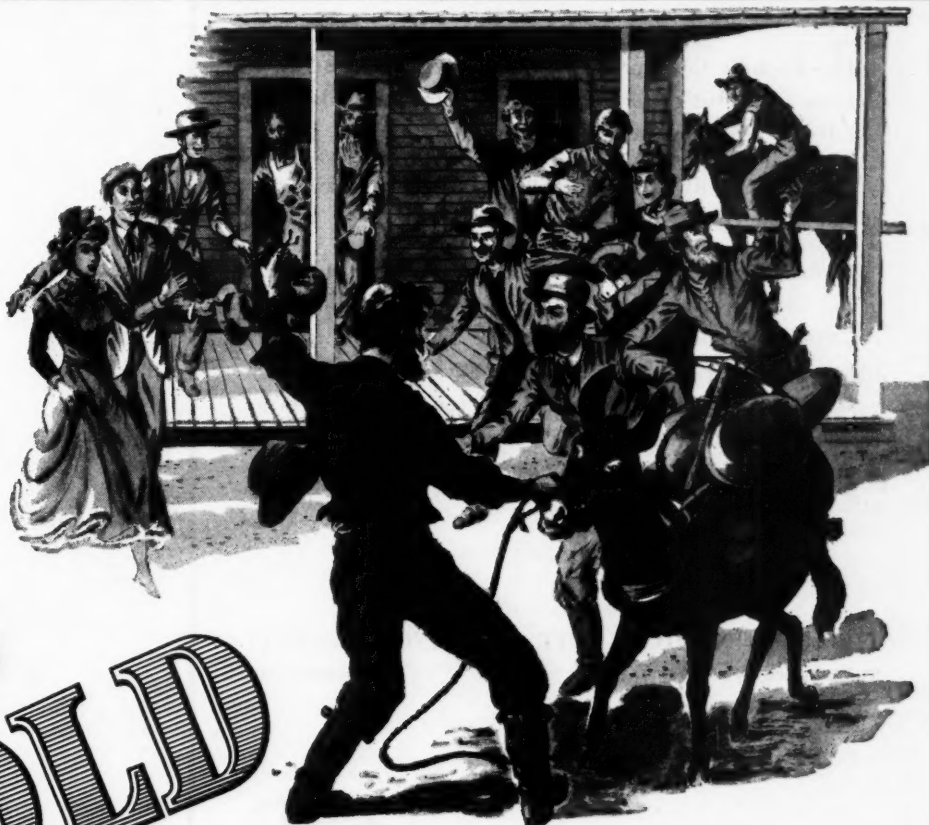
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E. Tom Proctor, Nashville general agent of Northwestern Mutual, recently elected president of the Tennessee Association of Life Underwriters, has passed \$1 million in sales for the third year, thus qualifying for life membership in the Million Dollar Round Table.



**GOLD
GOLD
GOLD**

...in every stream, on every hillside!

Nearly a hundred years ago the wild cry rang through America. Thousands of men thrilled to the call of easy riches, and took the hard road to the golden West . . . A few succeeded, but most did not.

Not long before, a new company was started in careful, business-like Hartford, by men who were not gamblers. That company was, in the hundred years now past, to pay to its policyholders and their beneficiaries nearly half as much money as the value of all the gold taken out of California.

The dozen thoughtful men with the vision to found a company which would pay members and beneficiaries, in its first century, a sum approaching a billion dollars, were seeking no great riches for themselves or the company's members. They

sought to furnish protection against the financial chaos that may result from the death of a breadwinner. Their vision has given real financial security to hundreds of thousands of families.

Their idea of the value of wealth was very different from that of prospectors for gold. They saw wealth, mutually saved and wisely invested over the years, as a means of carrying on the family life of the unfortunate in our nation, and of supplying income for men's sunset years of life.

In 1946, The Connecticut Mutual, with 300,000 members, celebrates its Centennial. This institution, born of free enterprise and the vision of business men, goes into its second century with the sure knowledge that cooperation among free men for security and protection is a cornerstone of successful democracy.



**The CONNECTICUT MUTUAL
LIFE INSURANCE COMPANY**
• HARTFORD •



Here's Practical Agency Cooperation!

The Friendly Company of Distinction welcomes the introduction of a plan to promote a closer relationship between the Home Office and its field underwriters.

The first meeting of the initial "Field Advisory Board" met at the Home Office April 25, 1946.

Their Purpose: "The Field Advisory Board is a liaison group between Field and Home Office through which constructive suggestions and constructive criticisms plus new ideas can be weighed pro and con, advantages and disadvantages considered and measured. Its conclusions are to be carried from Field to Home Office or Home Office to Field with a degree of unanimity and endorsement that could not otherwise be done."

THE OHIO NATIONAL LIFE INSURANCE COMPANY
T. W. Appleby, President Cincinnati, Ohio



THE OHIO NATIONAL
LIFE INSURANCE COMPANY

CINCINNATI, OHIO

THE SYMBOL of COMPLETE PROTECTION



Centrally Located—
Serving the Nation
from Coast to Coast



- LIFE • ACCIDENT • HEALTH
- ANNUITIES • HOSPITALIZATION
- GROUP • ALL-WAYS
- REINSURANCE

W. T. GRANT
Chairman

J. C. HIGDON
President

BUSINESS MEN'S ASSURANCE COMPANY
KANSAS CITY 10, MISSOURI

Weigh Pros and Cons of Company-Owned Printing Plants

Metropolitan Life's recent sale of its printing plant has evoked some discussion of the pros and cons of an insurance company doing its own printing as opposed to having it done outside. The fact that the world's largest insurance company has decided, after many years of operating its own plant, to go over to the other basis, must weigh heavily with any who may be considering making a switch from either basis to the other, though of course there may have been special factors in Metropolitan's decision that would not apply to other companies.

Theoretically a company-owned plant can operate more economically than farming the work out to a commercial printer because of not having to make a profit. It also has other advantages. It can push through a rush job, side-tracking everything else in the shop, if necessary. It can be integrated with the home office's operations so as to carry into effect exactly what the home office people develop.

The chief drawback of a company-owned plant is that it must be kept busy steadily if its overhead is not to get out of bounds. Its most vulnerable point is inability to resist pressure for rush jobs. Suppose an executive decides he needs a special job of printing done in a hurry. A commercial printer might, as a particular favor to a good customer, agree to turn out the job in three days. The company-owned plant, faced with the same exigency, can shove everything else aside and finish the job the same afternoon. The commercial printer could do it too, of course, but it would mean antagonizing other customers whose work was delayed, besides running up costs by reason of throwing the shop's routine out of gear.

The necessity of responding to home office pressure for rush jobs can severely handicap the company-owned plant as an economical proposition. Printing plants depend for economical operation not only on a steady volume of work but on its going through the plant in the established routine. When this routine is upset to give the green light to a special rush job the added cost is difficult for anyone outside the printing business to appreciate.

Probably the most effective way to hold down the extra expense due to rush jobs is to have the company's printing plant under the jurisdiction of an executive of sufficient rank and with sufficient interest in running the plant economically so that the plant's manager can resist the pressure for all rush jobs ex-

Prepare for C.L.U. 2-Week School

Exceptional interest is being taken in the C.L.U. Institute at the University of Connecticut at Storrs June 17-28. It is modeled upon the Research Bureau agency management school and the faculty consists of such headliners as L. J. Ackerman, Irvin Bendiner, James Elton Bragg, C. P. Dawson, A. N. Guertin, M. M. Goldstein, R. A. Hohauser, S. S. Huebner, R. J. Lawthers, Denis Maduro, David McCahan, S. C. McMullin, C. J. Zimmerman, C. H. Orr, M. A. Shattuck and W. N. Watson.

The group will be able to concentrate for two weeks on questions of superior interest without the distractions of office duties.

Although the enrollment is limited there are still some openings for C.L.U.'s from throughout the country.

House Votes to Liberalize NSLI Benefits

WASHINGTON—Considerable broadening of National Service Life Insurance was approved by the house this week in passing a bill revising the law governing the insurance and calculated to remove inequities and provide more uniform administration. The bill was sent over to the senate for consideration. It provides:

Permission to make lump sum payments of proceeds to beneficiaries; as compared to the monthly payments now prescribed; permission for insured to designate anyone as a beneficiary; payments of \$5 monthly per \$1,000 insurance after six months of permanent disability without impairing face value of the policy; retroactive coverage for service men who were rejected for the insurance but subsequently were kept in the service and were disabled or killed; increase from \$3,000 to \$10,000 in the amount of free insurance given a man totally disabled or held prisoner at any time during his service; a similar increase for those who died in service between Oct. 8, 1940, and April 20, 1942.

Law Affiliation Corrected

In the May 10 issue of THE NATIONAL UNDERWRITER, the agency affiliation of Marc A. Law was referred to incorrectly. Mr. Law has been associate manager of the Bruce Parsons agency of Mutual Benefit Life in Chicago since 1942.

cept those of genuine importance. Otherwise the natural tendency is for each home office executive with a rush printing job to seek special treatment for it.

New Officers of Florida Association



New officers of the Florida Association of Life Underwriters chosen at the annual sales congress at Miami Beach last week are, left to right, R. L. Walker, Orlando, president, and Vice-presidents E. F. Eastwood, Reliance Life, Tampa; W. Finlay Jones, Lincoln National, Miami; James H. Randolph, Jr., Lincoln National, Jacksonville; T. S. Canfield, Peninsular, Gainesville; L. E. McCutchin, Gulf Life, Pensacola.

Prescribe Terms for Tax Treatment of Employee Annuity

WASHINGTON—Requirements concerning employers' contributions to retirement annuities and concerning such plans are set forth in a mimeograph circular from the internal revenue commissioner. For the purpose of Section 23(p)(1)(B) of the internal revenue code, it is provided, contributions must be paid under a plan in effect, as evidenced by an executed contract or contracts. This requirement will be deemed to have been complied with for taxable years ending on or before May 31, 1946, the circular states, if certain other conditions evidencing a plan in effect existed before the close of the taxable year. These conditions are outlined in the circular, text of which follows:

1. Deductions for contributions paid toward the purchase of retirement annuities are governed by section 23 (p) (1) (B) of the internal revenue code. Among the conditions prescribed under that section for the allowance of a deduction are:

(a) contributions must be paid toward the purchase of retirement annuities, and
(b) under a plan which meets the requirements of section 165 (a) (3), (4), (5), and (6) of the code.

With respect to (a) above, it should be noted that a contribution is not "paid" if all or any part of it is recoverable at the request of the employer. When any portion of a recoverable remittance on account of a premium becomes irrecoverable under an executed contract, however, such portion then becomes a contribution "paid." With respect to (b) above, there must be a plan in effect. A plan which is represented by a group annuity contract or by annuity contracts is not in effect before such contract is, or contracts are, executed and issued.

2. Under the authority of section 3791 (b) of the internal revenue code, for a taxable year ending on or before May 31, 1946, an annuity plan will be deemed in effect if it is evidenced by the completion of the following steps by the close of the taxable year:

(a) A resolution by the board of directors (or execution of an acknowledgment in the case of an unincorporated employer) setting forth a definite plan for the purchase of retirement annuities under a group annuity contract or annuity contracts,
(b) an application for such contract or contracts,
(c) an acceptance of the application by an insurance company stating that it will issue the contract or contracts (subject to any necessary approval by a state authority),
(d) preparation of the contract or contracts, or of complete abstracts thereof, in sufficient detail to define all the terms of the contract or contracts to be issued, and
(e) remittance on account of the premiums in accordance with the terms set forth thereunder, provided that, within a reasonable time thereafter, the contract is, and, in such cases, commitments in the taxable year on account of premiums for the year in accordance with the plan and the contract or contracts will be deemed contributions paid for the purpose of section 23 (p) (1) (B).

3. The foregoing is also applicable to amendments to annuity plans and the contract or contracts thereunder.

VA Is Looking for Help

WASHINGTON—Forty-six supervisory jobs with starting salaries ranging from \$2,650 to \$5,180 remain to be filled in the insurance service of veterans administration's Richmond branch office. Overtime will be paid in addition to the listed salaries.

Persons with experience in home offices of life companies are being sought to fill the positions before NSL accounts for the Richmond area are transferred there from New York where they are being handled at present. The transfer is expected to take place this summer.

Applicants should write or see the personnel director of the Richmond office, 900 North Lombardy street.

Training courses already are in progress preparatory to the taking over of NSL accounts of veterans living in Virginia, Maryland, North Carolina, West Virginia and District of Columbia. New personnel are needed immediately in order that they may complete specialized training before the transfer takes place.

Actuarial Merger Unnecessary, Fassel Asserts

Elgin G. Fassel, Northwestern Mutual Life, in his presidential address at the meeting of the American Institute of Actuaries at Edgewater Beach hotel, Chicago, Thursday, suggested that instead of merging the Institute and Actuarial Society of America the two organizations hold joint sessions each fall. That, he pointed out, would reduce actuarial meetings to three a year. Many overlapping activities of the two organizations have been eliminated by the cooperation of joint committees. Such an arrangement, he declared, would produce the advantages that the advocates of merger envision.

"The opinion is held by some that two actuarial bodies in America are not too many," Mr. Fassel said.

Mr. Fassel remarked that the Institute of Actuaries, London, which will be 100 years old July 8, 1948 is planning to celebrate its centenary by an English speaking assembly in London. Members of the American Institute, Actuarial Society and Faculty of Actuaries are being invited to participate on an equal footing with the members of the British Institute. Also other actuarial societies throughout the world are invited to send delegations.

The war, Mr. Fassel observed, has interfered with the progress of actuarial students and there is now a shortage of actuarial help that is keenly felt. The imaginative approach by the special committee headed by Henry S. Beers, vice-president of Aetna Life, on the education and training of actuaries, in collaboration with other committees of the society and institute, is bringing about changes in the examination system that will give relief to both students and companies.

Commencing this year examination sessions are being held in the fall as well as in the spring and other progressive changes will later be announced for 1947.

"Actuaries are concerned with the failure of certain state legislatures as yet to join in concerted action to place so enlightened a movement as the Guertin proposals on a uniform basis throughout the country," Mr. Fassel remarked. "The recommendations of the committee after years of study—such as replacement of the American Experience table by the commissioners' 1941 standard ordinary mortality table, the determination of equitable policy values with due allowance for expenses through adjusted premiums, if desired, and the establishment of minimum reserve liabilities with recognition of acquisition costs through the commissioners' reserve valuation method—are in the interest of the insuring public. These are not issues involving state distinctions; their universal character calls for state comity.

"The states that have not yet accepted the Guertin measures should do so before the Jan. 1, 1948, focal date, placing the insurance business uniformly on the basis of this progressive legislation. An opportunity is here afforded for the American system of independent state insurance regulation to demonstrate its ability to unite on a subject where division can only be detrimental."

C.I.O. Demands More Concession from Prudential

NEW YORK—Because the C.I.O. industrial agents' union committee negotiating a contract renewal with Prudential considered the company's concessions inadequate, it has discontinued negotiations until June 24 in order to consult with the membership. Union agents are demanding substantial increases, a union shop and other "improvements." Negotiations affect 14,000 industrial agents, the largest single group of employees represented in the United Office & Professional Workers union.

*...pioneering—
for profit!*

Opening new territories under today's conditions . . . developing untouched premium fields . . . can still be a profitable venture. Continental Assurance has a highly effective kit of sales tools for helping you pioneer in fields in which you may not now be active . . . plus a brand of "down-to-earth" sales cooperation that gets results! Ask us to show you how Continental can help you push back your business frontiers.

**One of America's Largest, Strongest
Life Insurance Institutions**

Continental
ASSURANCE COMPANY

CHICAGO, ILLINOIS

Affiliates:

CONTINENTAL CASUALTY COMPANY
TRANSPORTATION INSURANCE COMPANY

Indiana '45 Sales and in Force

Figures are for ordinary unless designated (G) for group and (I) for industrial.

	New Business	In Force
Aetna Life	5,970,092	52,881,866
Alliance Life	(G) 43,734,370	101,216,837
Amer. Hospital	1,420,731	5,207,186
All States	(I) 9,128	194,171
Acacia Mutual	1,268,681	10,723,249
National	952,389	2,006,649
Berkshire	324,796	3,530,688
B.M.A.	1,601,888	7,176,505
Bankers, Ia.	(G) 3,156,818	37,382,444
Beneficial Stand.	(G) 3,557,641	3,315,943
Brotherhood Mutual	1,074,940	4,116,316
Central, Ill.	(G) 1,896,575	16,940,718
Central Assur.	(I) 8,500	65,500
Central Life, Ia.	1,012,221	10,438,994
Columbus Mutual	552,896	1,947,224
Conn. General	(G) 632,200	5,280,104
Commonwealth	(G) 2,686,813	18,679,513
Columbian Natl.	(I) 3,702,782	6,951,380
Conn. Mut.	(G) 5,583,752	24,310,457
Continental	(G) 815,560	6,486,717
Crown	2,592,872	33,118,732
Credit Life	(G) 1,199,484	6,688,475
	5,063,295	9,633,183
	23,865	22,265
	3,748	2,359
	(G) 13,069	6,531

	New Business	In Force
Cuna Mutual	5,600	34,222
Domestic L. & A.	(G) 22,357	1,330,775
Empire L. & A.	(I) 35,000	92,566
Equitable Soc.	(G) 4,692,907	17,982,351
Farmers Life	12,240,518	37,557,146
Equitable Life, Ia.	(G) 11,832,501	118,009,236
Expressmen's Mut.	65,438,720	167,794,121
Farmers & Traders	24,657	207,645
Equitable Life, Ia.	3,741,252	43,863,286
Expressmen's Mut.	32,079	441,890
Federal Life & Cas.	123,100	4,531,240
General Amer.	(G) 6,340,824	21,506,149
Franklin Life	2,189,733	9,845,676
Fidelity Mutual	(G) 56,000	391,900
Globe Life	768,998	7,699,313
Great Northern Life	(I) 53,351	553,632
Great-West	2,718	14,183
Guarantee Mutual	806,823	983,477
Guardian Life	(G) 39,900	1,154,035
Illinois Bankers	925,866	10,093,516
Home Life	1,688,088	16,455,081
Hoosier Farm Bureau	191,275	3,441,602
Indianapolis Life	(I) 235,250	301,000
Jefferson National	52,000	1,491,436
Jefferson Standard	6,243,043	27,901,973
John Hancock	(G) 978,672	2,553,601
Kansas City Life	9,127,519	74,870,275
Kentucky Home	5,119,317	26,323,140
Kentucky Central	(I) 432,565	525,615
Kansas City Life	(G) 45,636,151	31,356,535
Kentucky Home	(I) 395,353	36,443,552
LaFayette Life	451,000	1,081,111
Liberty National	(I) 3,171,301	5,195,465
Lincoln National	(G) 9,776,417	9,776,417
	2,015,525	5,332,282
	351,346	2,409,836
	16,370,919	92,510
	14,322,882	94,823,932
	(G) 7,064,667	15,605,906

	New Business	In Force
Loyal Protective	100,400	294,900
Lutheran Mutual	689,564	2,919,791
Life of Virginia	(G) 1,743,856	11,437,654
Mammoth L. & A.	(I) 789,000	1,071,059
Mass. Protective	(I) 4,320,345	27,093,085
Mass. Mutual	2,196,834	3,812,869
Metropolitan	195,486	1,693,314
	3,815,033	49,109,457
	19,017,846	249,049,765
	(G) 116,708,759	217,231,348
	(I) 11,790,941	184,840,867
Midland Mutual	1,226,299	8,713,837
Monarch Life	236,782	710,167
Morris Plan	(G) 822,813	821,997
Monumental	(G) 304,905	182,943
Minnesota Mutual	1,243,250	7,175,072
	(I) 1,605,658	12,387,060
	1,421,200	5,384,805
	(G) 452,727	952,174
	436,598	1,909,475
Mutual Trust	2,771,496	27,784,014
Mutual Benefit	3,485,921	67,224,273
National L. & A.	(G) 2,261,930	14,573,579
	(I) 110,500	377,500
	5,112,172	31,158,299
National Life, Vt.	1,025,305	14,644,408
National Life, Ia.	356,099	3,893,275
New England Mutual	3,341,868	26,087,406
North Amer. Accl.	2,040	64,226
North Amer. Life, Ill.	863,594	4,354,505
N.W. Natl.	(G) 1,180,161	9,507,064
	(G) 291,500	1,644,500
Northwestern Mutual	10,532,356	147,725,403
New York Life	5,377,060	99,394,172
Ohio State	1,003,918	4,325,373
Old Line	72,060	516,486
Ohio National	390,584	3,717,647
Occidental	889,459	9,298,709
	(G) 26,333	3,080,950
Pacific Mutual	1,478,067	11,893,558
Pan-American	409,801	5,792,137
	(G) 19,000	19,000
Old Republic Credit	(G) 9,112,419	8,572,516
	(G) 124,213	124,058
Paul Revere	188,374	1,235,604
Penn. Mutual	2,858,756	39,201,229
Peoples Life, Ind.	4,064,788	27,916,703
Provident L. & A.	(G) 824,152	2,090,213
	(G) 128,438	513,139
Reliance	442,865	2,668,099
Provident Mutual	1,832,033	8,100,791
Prudential	(G) 41,890,502	382,192,610
	(I) 19,906,294	58,927,597
	(I) 21,307,028	312,975,589
Reliance Mutual	12,500	27,500
Rockford Life	135,959	1,813,644
Scranton Life	386,038	2,134,080
Supreme Liberty	(I) 171,929	543,317
	(I) 679,735	2,817,395
Standard Life, Ind.	3,784,885	23,907,210
State Life	499,393	12,165,743
State Mutual	1,753,224	12,285,713
Sun Life, Can.	2,174,770	34,299,255
Superior Life	(G) 3,495,838	16,231,485
State Farm	(I) 252,053	677,408
Travelers	2,061,460	12,165,147
United	3,947,738	45,595,580
	(G) 50,913,232	83,586,835
	(G) 2,230,546	21,946,656
	(G) 2,517	3,363,261
United Benefit	2,078,080	9,195,782
Union Central	2,413,176	578,542
Union Labor	(G) 81,500	150,655
	(G) 539,500	539,500
Union Mutual	73,666	372,531
United	(I) 36,700	192,518
	(I) 2,899,471	5,352,783
Victory Mutual	454,900	676,667
Volunteer State	9,500	208,576
Woodmen Central	797,950	3,869,579
Wisconsin Natl.	442,901	2,381,479
World	134,500	125,600
Washington Natl.	465,042	1,772,127
	(G) 247,500	1,162,418
Western & Southern	16,436,082	99,127,356
	(G) 314,950	1,610,700
	(I) 16,971,173	144,318,468

New Ordinary	\$ 275,389,945
New Group	376,421,609
New Industrial	88,158,109
Total New Business	739,969,663
Ordinary in Force	1,632,563,733
Group in Force	757,121,536
Industrial in Force	836,760,270
Total in Force	3,226,445,539

Penn Mutual President's Award to Grand Rapids

Penn Mutual Life's newly created President's Award has been won by the William H. Nicholls, Jr., agency of Grand Rapids, which during the past year has rendered the most distinguished all-around performance.

The award is in the form of a sculptured bronze plaque, which will be formally presented later by President John A. Stevenson and accepted by Mr. Nicholls on behalf of his 37 agents.

Mr. Nicholls entered life insurance with Penn Mutual in 1932 in Detroit. In 1937 he was appointed general agent at Wichita and in 1941 was transferred to Grand Rapids. He is a member of the executive committee of the Penn Mutual General Agents Association and of that association's sales procedure committee. This year he is a member of the president's cooperative committee of general agents.

Williams at Fort Wayne

John P. Williams, educational director of the American College, spoke before the Fort Wayne, Ind., C.L.U. Chapter.

Stribling Heads Oakland Managers Association

Harold Stribling, California-Western States Life, has been elected president of the Oakland-East Bay Managers & General Agents Association. He has served as a director of the local association for past two years, going to Oakland in 1943 from Omaha, where he was president of the Omaha Association of Life Underwriters in 1942-1943.



Harold Stribling

Mr. Stribling has been in the business for 17 years, formerly serving as Nebraska assistant manager for Prudential. Prior to that he was with Sun Life of Canada.

Other new officers elected were Jeff Branscomb, West Coast Life vice-president; and Woody Hammons, Minnesota Mutual, secretary.

R. L. Hogg, manager and general counsel of the American Life Convention, departed last Saturday for the coast to make stops at Denver, Salt Lake City and San Francisco before arriving at the commissioner's convention Sunday morning. He has to leave Portland June 13 in order to be back to take part in the meeting of the A. L. C. medical section.



GUARDIAN of TOMORROW

It is an unusual American who does not have as a primary goal—future security for himself and his family. Yet perhaps nothing so universally desired is more impossible of attainment when the individual must depend only on himself.

But through life insurance such security is available to everyone, and we at Provident have helped an ever-increasing number of Americans face the unpredictable future with confidence. For three decades we have been able to provide for the future security of more and more people through a program of conservative growth... based on sound, safe, financial principles.

If we are to be the guardians of tomorrow for yet more and more people, we must build for tomorrow. That is our planned course.

THE PROVIDENT LIFE INSURANCE COMPANY

BISMARCK, NORTH DAKOTA
WESTERN OFFICE
208 PLATT BLDG.
PORTLAND, ORE.



WERE WE WRONG BACK IN 1941?

NOT IF M. S. RUKEYSER, noted financial commentator is right!

"Inflation, evidenced by a substantial rise in the cost of living, is tending to make the average American underinsured..." says Mr. Rukeyser in his International News Service daily economic column of April 7 in the Los Angeles Examiner and other papers.

"In view of the present emergency need to augment coverage to offset the decline of the purchasing power of money, companies ought to offer a diminishing term policy unhitched to other insurance..."

Our Income Replacement policy, first offered in 1941, is such a plan. So are our Mortgage Protection plans. And so, in its basic essentials, is our \$15-a-month Family Income Rider attached to 5-Year Renewable and Convertible Term Insurance.

Insurance buyers who have this prescription may fill it here.

Occidental Life Insurance Company of California

V. H. JENKINS, VICE PRESIDENT

We pay lifetime renewals—they last as long as you do.



Text of Premium Tax Decision Given

The text of the U. S. Supreme Court decision in *Prudential vs. Benjamin*:

This case and *Robertson v. California*, N. 274, decided today, bring not unexpected sequels to U. S. vs. South-Eastern Underwriters Ass'n, 322 U. S. 533. In cycle reminiscent conversely of views advanced there and in *Paul v. Virginia*, 8 Wall, 168, claims are put forward on the basis of the South-Eastern decision to sustain immunity from state taxation and, in the *Robertson* case, from state regulation of the business of insurance.

The specific effect asserted in this case is that South Carolina no longer can collect taxes from Prudential, a New Jersey corporation, which for years prior to 1945 the state had levied and the company had paid. The tax is laid on foreign insurance companies and must be paid annually as a condition of receiving a certificate of authority to carry on the business of insurance within the state. The exaction amounts to 3% of the aggregate of premiums received from business done in South Carolina, without reference to its interstate or local character. No similar tax is required of South Carolina corporations.

Says Congress Consents to Tax

Prudential insists that the tax discriminates against interstate commerce and in favor of local business, since it is laid only on foreign corporations and is measured by their gross receipts from premiums derived from business done in the state, regardless of its interstate or local character. Accordingly it says the tax cannot stand consistently with many decisions of this Court outlawing state taxes which discriminate against interstate commerce. South Carolina denies that the tax is discriminatory or has been affected by the South-Eastern decision. But in any event it maintains that the tax is valid, more particularly in view of the McCarran act, by which it is claimed Congress has consented to continuance of this form of taxation and thus has removed any possible constitutional objection which otherwise might exist. This Prudential asserts Congress has not done and could not do.

The state supreme court has held the continued exaction of the tax not to be in violation of the commerce clause or affected by the ruling made in the South-Eastern case. — S. C.; 35 S. E. 2d 586. That holding presents the principal basis for this appeal.

Accommodating Two Powers

The versatility with which argument inverts state and national power, each in alternation to ward off the other's insistence, is not simply a product of protective self-interest. It is a recurring manifestation of the continuing necessity in our federal system for accommodating the two great basic powers it comprehends. For this Court's part, from *Gibbons v. Ogden*, 9 Wheat. 1, no phase of that process has been more continuous or at times perplexing than reconciling the paramount national authority over commerce, created by Article I, § 8 of the Constitution, with appropriate exercise of the states' reserved powers touching the same or related subject matter.

The continuing adjustment has filled many of the great constitutional gaps of Marshall's time and later. But not all of the filling has been lasting. Great emphases of national policy swinging between nation and states in historic conflicts have been reflected, variously and from time to time, in premise and therefore in conclusion of particular dispositions. In turn, their sum has shifted and reshifted the general balance of authority, inevitably producing some anomaly of logic and of result in the decisions.

No phase has had a more atypical history than regulation of the business of insurance. This fact is important for the problems now presented. They have origin in that history. Their solution cannot escape its influence. Moreover, in law as in other phases of living, reconciliation of anomalous behavior, long continued, with more normal attitudes is not always easy, when the time for that adjustment comes.

Reorientation of Attitudes

Essentially the problems these cases tender are of that character. It is not necessary to renew the controversy presented in South-Eastern. Whether or not that decision properly has been characterized as "precedent-smashing," there was a reorientation of attitudes toward federal power in its relation to this business of insurance conducted across

state lines. Necessarily this worked in two directions. As the opinion was at pains to note, 322 U. S. 533, 545 ff., no decision previously had held invalid an act of Congress on the ground that such business was beyond reach of its power, because previously no attempted exercise of that authority had been brought here in litigation. But from *Paul v. Virginia* to *New York Life Ins. Co. v. Deer Lodge County*, 231 U. S. 495, negative implication from the commerce clause was held not to place any limitation upon state power over the business, however conducted with reference to state lines. And correlatively this was taken widely, although not universally, to nullify federal authority until the question was squarely presented and answered otherwise in the South-Eastern case.

Effect of Paul Case

Whether *Paul v. Virginia* represented in its day an accommodation with or a departure from the preexisting evolution of commerce clause law and whether its ruling, together with later adhering to it, remained consonant with the subsequent general development of that law, may still be debated. But all may concede that the *Paul* case created for the business of insurance a special, if not a wholly unique, way of thinking and acting in the regulation of business done across state lines. See *Ribbie*, *State and National Power over Com-*

merce (1937) 89, 186-187. The aegis of federal commerce power continued to spread over and enfold other business so conducted, in both general and specific legislative exertions. Usually this was with judicial approval; and, despite notable instances of initial hostility, the history of judicial limitation of congressional power over commerce, when exercised affirmatively, has been more largely one of retreat than of ultimate victory. The plain words of the grant have made courts cautious, except possibly in some of the instances noted, about nullifying positive exertions of Congress' power over this broad and hard to define field. At the same time, physical and economic change in the way commerce is carried on has called forth a constantly increasing volume of legislation exercising that power.

States Took Over Regulation

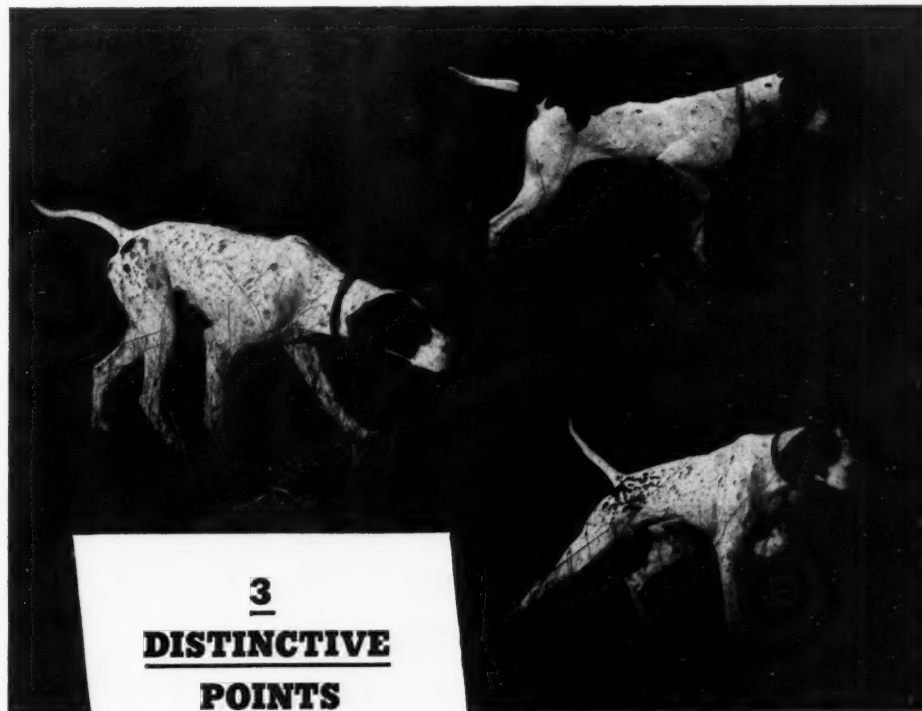
Concurrently with this general expansion, however, from *Paul* to South-Eastern the states took over exclusively the function of regulating the insurance business in its specific legislative manifestations. Congress legislated only in terms applicable to commerce generally, without particularized reference to insurance. At the same time, on the rationalization that insurance was not commerce, yet was business affected with a vast public interest, the states developed comprehensive regulatory and taxing systems. And litigation of their validity

came to be freed of commerce clause objections, at any rate from *Deer Lodge* on to South-Eastern. Due process in its jurisdictional aspects remained to confine the reach of state power in relation to business affecting other states. But the negative implications of the commerce clause became irrelevant, as such, for the valid exercise of state regulatory and taxing authority.

No Particularized Reference

Meanwhile the business of insurance experienced a nation-wide expansion graphically depicted not only in the facts of the situation presented in the South-Eastern case but also in the operations of Prudential as described by its advocates in this cause. These divergent facts, legal and economic, necessarily were reflected in state legislation. States grappling with nation-wide, but nationally unregulated, business inevitably exerted their powers to limits and in ways not sought generally to be applied to other business held to be within the reach of the commerce clause's implied prohibition. Obvious and widespread examples are furnished in broad and detailed licensing provisions, for the doing of business within the states, and in connected or distinct taxing measures drawn in apparent reliance upon freedom from commerce clause limitations.

Now we are told many of these statutes no longer can stand. The process

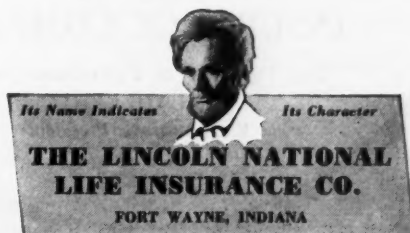


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of readjustment began affirmatively with South-Eastern. Since the commerce clause is a two-edged instrument, the indicated next step, indeed the constitutionally required one, as the argument runs, is to apply its negatively cutting edge. Conceptions so developed with reference to other commerce must now be extended to the commerce of insurance in completion of the readjustment. This, it is confidently asserted, will require striking down much of the state legislation enacted and effective prior to the South-Eastern decision. Particularly will this be true of all discriminatory state taxes, of which it is said South Carolina's is one. Moreover, those results must follow regardless of the McCarran act's provisions. For by that act, in Prudential's assessment, Congress neither intended to, nor could, validate such taxes.

It is not surprising that the attack is thus broad. When a decision is conceived as precedent-smashing, rightly or wrongly, the conception's invitation may be to greater backtracking than is justified, in spite of warning to proceed with care. 322 U. S. 533, 547 ff.

Prudential's Misconception

Prudential's misconception relates not to the necessity for applying, but to the nature and scope of the negative function of the commerce clause. It is not the simple, clean-cutting tool supposed. Nor is its swath always correlative with that cut by the affirmative edge, as seems to be assumed. For clearly as the commerce clause has worked affirmatively on the whole, its implied negative operation on state power has been uneven, at times highly variable. More often than not, in matters more governable by logic and less by experience, the

business of negative implication is slippery. Into what is thus left open for inference to fill, divergent ideas of meaning may be read much more readily than into what has been made explicit by affirmation. That possibility is broadened immeasurably when not logic alone, but large choices of policy, affected in this instance by evolving experience of federalism, control in giving content to the implied negation. In all our constitutional history this has become no more apparent than in commerce clause dispositions.

That the clause imposes some restraint upon state power has never been doubted. For otherwise the grant of power to Congress would be wholly ineffective. But the limitation not only is implied. It is open to different implications of meaning. And this accounts largely for variations in this field continuing almost from the beginning until now. They started with Marshall and Taney, went forward from Waite to Fuller, and have been projected in later differences perhaps less broad, but hardly less controversial. Consequently in its prohibitive, as in its affirmative or enabling, effects the history of the commerce clause has been one of very considerable judicial oscillation.

Tendency to Sustain State Tax

Moreover, the parallel encompasses the latest turn in the long-run trend. For concurrently with the broadening of the scope for permissible application of federal authority, the tendency also has run toward sustaining state regulatory and taxing measures formerly regarded as inconsonant with Congress' unexercised power over commerce, and to doing so by a new, or renewed emphasis on facts and practical considerations

rather than dogmatic logic. These facts are of great importance for disposing of such controversy. For in effect they have transferred the general problem of adjustment to a level more tolerant of both state and federal legislative action.

We are not required however to consider whether, on that level, the authorities on which Prudential chiefly relies would require invalidation of South Carolina's tax. For they are not in point.

As has been stated, they are the cases which from *Welton v. Missouri*, 91 U. S. 275, until now have outlawed state taxes found to discriminate against interstate commerce. No one of them involved a situation like that now here. In each the question of validity of the state taxing statute arose when Congress' power lay dormant. In none had Congress acted or purported to act, either by way of consenting to the state's tax or otherwise. Those cases therefore presented no question of the validity of such a tax where Congress had taken affirmative action consenting to it or purporting to give it validity. Nor, consequently, could they stand as controlling precedents for such a case.

Put McCarran Act Aside

This would seem so obvious as hardly to require further comment, except for the fact that Prudential has argued so earnestly to the contrary. Its position puts the McCarran act to one side, either as not intended to have effect toward validating this sort of tax or, if construed otherwise, as constitutionally ineffective to do so. Those questions present the controlling issues in this case. But before we turn to them it will be helpful to note the exact effects of Prudential's argument.

Fundamentally it maintains that the commerce clause "of its own force" and without reference to any action by Congress, whether through its silence or otherwise, forbids discriminatory state taxation of interstate commerce. This is to say, in effect, that neither Congress acting affirmatively nor Congress and the states thus acting coordinately can validly impose any regulation which the Court has found or would find to be forbidden by the commerce clause, if laid only by state action taken while Congress' power lies dormant. In this view the limits of state power to regulate commerce in the absence of affirmative action by Congress are also the limits of Congress' permissible action in this respect, whether taken alone or in coordination with state legislation.

Congress, States Team Up

Merely to state the position in this way compels its rejection. So conceived, Congress' power over commerce would be nullified to a very large extent. For in all the variations of commerce clause theory it has never been the law that what the states may do in the regulation of commerce, Congress being silent, is the full measure of its power. Much less has this boundary been thought to confine what Congress and the states acting together may accomplish. So to regard the matter would invert the constitutional grant into a limitation upon the very power it confers.

The commerce clause is in no sense a limitation upon the power of Congress over interstate and foreign commerce. On the contrary, it is, as Marshall declared in *Gibbons v. Ogden*, a grant to Congress of plenary and supreme authority over those subjects. The only limitation it places upon Congress' power is in respect to what constitutes commerce, including whatever rightly may be found to affect it sufficiently to make Congressional regulation necessary or appropriate. This limitation, of course, is entirely distinct from the implied prohibition of the commerce clause. The one is concerned with defining commerce, with fixing the outer boundary of the field over which the authority granted shall govern. The other relates only to matters within the field of commerce, once this is defined, including whatever may fall within the "affecting" doctrine. The one limitation bounds the power of Congress. The other confines only the powers of the states. And the two areas are not coextensive. The distinction is not always clearly observed, for both questions may and indeed at times do arise in the same case and in close relationship. But to blur them, and thereby equate the implied prohibition with the affirmative endowment is altogether fallacious. There is no such equivalence.

Dormancy of Power

This appears most obviously perhaps in the cases most important for the decision in this cause. They are the ones involving situations where the silence of Congress or the dormancy of its power has been taken judicially, on one view or another of its constitutional effects, as forbidding state action, only to have Congress later disclaim the prohibition or undertake to nullify it. Not yet has this Court held such a disclaimer invalid or that state action supported by it could not stand. On the contrary in each instance it has given effect to the Congressional judgment contradicting its own previous one.

It is true that rationalizations have differed concerning those decisions, in-

deed also that the judges participating in them differed in this respect. But the results have been lasting and are at least as important, for the direction given to the process of accommodating federal and state authority, as the reasons stated for reaching them. None of the decisions conceded, because none involved any question of, the power of Congress to make conclusive its own mandate concerning what is commerce. But apart from that function of defining the outer boundary of its power, whenever Congress' judgment has been uttered affirmatively to contradict the Court's previously expressed view that specific action taken by the states in Congress' silence was forbidden by the commerce clause, this body has accommodated its previous judgment to Congress' expressed approval.

Some part of this readjustment may be explained in ways acceptable on any theory of the commerce clause and the relations of Congress and the Courts toward its functioning. Such explanations, however, hardly go to the root of the matter. For the fact remains that, in these instances, the sustaining of Congress' overriding action has involved something beyond correction of erroneous factual judgment in deference to Congress' presumably better-informed view of the facts, and also beyond giving due deference to its conception of the scope of its powers, when it repudiates, just as when its silence is thought to support, the inference that it has forbidden state action.

Prudential has not squarely met this fact. Fixed with the sense of applicability of the *Welton* or *Shelby County* line of cases, it rather has posed an enigma for the bearing of the Bridge and liquor cases upon the decision to be made. It is, if the commerce clause "by its own force" forbids discriminatory state taxation, or other measures, how is it that Congress by expressly consenting can give that action validity?

The answer need not be labored. Prudential in this case makes no contention that commerce is not involved. Its argument is exactly the opposite. Its contention founded on the commerce clause is one wholly of implied prohibition within the field of commerce.

McCarran Act Validity

This it regards as operative not only in Congress' silence, but in the face of its positive expression by the McCarran act that the continued regulation and taxation by the states of the business of insurance is in accord with Congress' policy. That expression raises questions concerning its own validity and also concerning whether the policy stated extends to the kind of state legislation which is immediately in issue. But those questions are not answered, as Prudential seeks to have them answered, by any conception that Congress' declaration of policy adds nothing to the validity of what the states have done within the area covered by the declaration, or in other words, that it is mere brutum fulmen. For to do this not only would produce intolerable consequences for restricting Congress' power, it would ignore the very basis on which the second *Wheeling Bridge* case and indeed the *Clark Distilling* case have set the pattern of the law for governing situations like that now presented. Accordingly we turn to the issues which are more alive and significant for the future.

III.

In considering the issues raised by the McCarran act and the question of its applicability, ground may be cleared by putting aside some matters strenuously argued in the state supreme court and here. First, it follows from what has been said that we are not required to determine whether South Carolina's tax would be valid in the dormancy of Congress' power. For Congress has expressly stated its intent and policy in the act. And, for reasons to be stated, we think that the declaration's effect is clearly to sustain the exaction and that this can be done without violating any constitutional provision.

Controlling Issues

By the same token, we need not consider whether the tax, if operative in Congress' unilluminated silence, would be discriminatory in the sense of an exaction forbidden by the commerce clause, as Prudential categorically asserts, or not so, as South Carolina maintains with equal certitude. Much attention has been given both here and in the state court to these questions. But in the view we take of the case the controlling issues underlie them. Nor do we determine, as Prudential's argument seems to subsume, whether all of its business done in South Carolina and affected by the tax should be regarded as constituting interstate commerce so as to fall within the "in commerce" classification or, on the other hand, some of it may properly be considered as being only local or intrastate business. These questions we put to one side. And for present purposes we assume that the tax would be discriminatory in the sense of Prudential's contention and that all of its business done in South Carolina and affected by the tax is done "in" or as a part of interstate commerce.

It is not necessary to spend much time

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with interpreting the McCarran act. Pertinently it is as follows:

Sec. 1. The Congress hereby declares that the continued regulation and taxation by the several states of the business of insurance is in the public interest, and that silence on the part of the Congress shall not be construed to impose any barrier to the regulation or taxation of such business by the several states.

Sec. 2. (a) The business of insurance, and every person engaged therein, shall be subject to the laws of the several states which relate to the regulation or taxation of such business.

(b) No act of Congress shall be construed to invalidate, impair, or supersede any law enacted by any state for the purpose of regulating the business of insurance, or which imposes a fee or tax upon such business, unless such act specifically relates to the business of insurance. . . . 59 Stat. 34; 15 U. S. C. §§ 1011-1015.

Congress' Purpose

Obviously Congress' purpose was broadly to give support to the existing and future state systems for regulating and taxing the business of insurance. This was done in two ways. One was by removing obstructions which might be thought to flow from its own power, whether dormant or exercised, except as otherwise expressly provided in the act itself or in future legislation. The other was by declaring expressly and affirmatively that continued state regulation and taxation of this business is in the public interest and that the business and all who engage in it "shall be subject to" the laws of the several states in these respects.

Moreover, in taking this action Congress must have had full knowledge of the nation-wide existence of state systems of regulation and taxation; of the fact that they differ greatly in the scope and character of the regulations imposed and of the taxes exacted; and of the further fact that many, if not all, include features which, to some extent, have not been applied generally to other interstate business. Congress could not have been unacquainted with these facts and its purpose was evidently to throw the whole weight of its power behind the state systems, notwithstanding these variations.

Explicit Reservations

It would serve no useful purpose now to inquire whether or how far this effort was necessary, in view of the explicit reservations made in the majority opinion in the South-Eastern case. Nor is it necessary to conclude that Congress, by enacting the McCarran act, sought to validate every existing state regulation or tax. For in all that mass of legislation must have lain some provisions which may have been subject to serious question on the score of other constitutional limitations in addition to commerce clause objections arising in the dormancy of Congress' power. And we agree with Prudential that there can be no inference that Congress intended to circumvent constitutional limitations upon its own power.

But, though Congress had no purpose to validate unconstitutional provisions of state laws, except in so far as the Constitution itself gives Congress the power to do this by removing obstacles to state action arising from its own action or by consenting to such laws, H. Rep. No. 143, 79th Cong., 1st Sess., p. 3, it clearly put the full weight of its power behind existing and future state legislation to sustain it from any attack under the commerce clause to whatever extent this may be done with the force of that power behind it, subject only to the exceptions expressly provided for.

Included Discriminatory Tax

Two conclusions, corollary in character and important for this case, must be drawn from Congress' action and the circumstances in which it was taken. One is that Congress intended to declare, and in effect declared, that uniformity of regulation, and of state taxation, are not required in reference to the business of insurance, by the national public interest, except in the specific respects otherwise expressly provided for. This necessarily was a determination by Congress that state taxes, which in its silence might be held invalid as discriminatory, do not place on interstate insurance business a burden which it is unable generally to bear or should not bear in the competition with local business. Such taxes were not uncommon among the states, and the statute clearly included South Carolina's tax now in issue.

That judgment was one of policy and reflected long and clear experience. For, notwithstanding the long incidence of the tax and its payment by Prudential without question prior to the South-Eastern decision, the record of Prudential's continuous success in South Carolina over decades refutes any idea that payment of the tax handicapped it in any way tending to exclude it from competition with local business or with domestic insurance companies. Indeed Prudential makes no contrary contention on any factual basis, nor could it well do so. For the South-Eastern decision did not, and could not, wipe out all this experience or its weight for

bearing, as a matter of the practical consequences resulting from operation of the tax, upon that question. *Robertson v. United States*, No. 274, decided today.

Inherently Discriminatory

Consequently Prudential's case for discrimination must rest upon the idea either that the commerce clause forbids the state to exact more from it in taxes than from purely local business; or that the tax is somehow technically of an inherently discriminatory character or possibly of a type which would exclude or seriously handicap new entrants seeking to establish themselves in South Carolina. As to each of these grounds, moreover, the argument subsumes that Congress' contrary judgment, as a matter of policy relating to the regulation of interstate commerce, cannot be effective, either "of its own force" alone or as operative in conjunction with and to sustain the state's policy.

Plenary Scope

In view of all these considerations, we would be going very far to rule that South Carolina no longer may collect her tax. To do so would flout the expressly declared policies of both Congress and the state. Moreover it would establish a ruling never heretofore made and in doing this would depart from the whole trend of decision in a great variety of situations most analogous to the one now presented. For, as we have already emphasized, the authorities most closely in point upon the problem are not, as appellant insists, those relating to discriminatory state taxes laid in the dormancy of Congress' power. They are rather the decisions which, in every instance thus far not later overturned,

have sustained coordinated action taken by Congress and the states in the regulation of commerce.

The power of Congress over commerce exercised entirely without reference to coordinated action taken by the states is not restricted, except as the Constitution expressly provides, by any limitation which forbids it to discriminate against interstate commerce and in favor of local trade. Its plenary scope enables Congress not only to promote but also to prohibit interstate commerce, as it has done frequently and for a great variety of reasons. That power does not run down a one-way street or one of narrowly fixed dimensions. Congress may keep the way open, confine it broadly or closely, or close it entirely, subject only to the restrictions placed upon its authority by other constitutional provisions and the requirement that it shall not invade the domains of action reserved exclusively for the states.

No Commerce Clause Violation

This broad authority Congress may exercise alone, subject to those limitations, or in conjunction with coordinated action by the states, in which case limitations imposed for the preservation of their powers become inoperative and only those designed to forbid action altogether by any power or combination of powers in our governmental system remain effective. Here both Congress and South Carolina have acted, and in complete coordination, to sustain the tax. It is therefore reinforced by the exercise of all the power of government residing in our scheme. Clear and gross must be the evil which would nullify such an exertion, one which could arise only by exceeding beyond civil some exploit and compelling limitation imposed by a con-

stitutional provision or provisions designed and intended to outlaw the action taken entirely from our constitutional framework.

In this light the argument that the degree of discrimination which South Carolina's tax has involved, if any, puts it beyond the power of government to continue must fall of its own weight. No conceivable violation of the commerce clause, in letter or spirit, is presented. Nor is contravention of any other limitation.

Due Process Contention

A word should be added in the latter respect. Prudential has not urged grounds founded upon other constitutional provisions than the commerce clause, except in relation to the McCarran act and then only in the event it should be construed as having effect to validate continued exaction of the tax. As has been said, it regards the statute as neither intended or effective to "validate, authorize, or sanction state statutes which discriminate against interstate commerce." But, against the event that the act should be taken as intended to have such an effect, it puts forward the somewhat novel contentions that the statute would be in violation of the due process clause of the Fifth Amendment; of the first clause of Article I, § 8, requiring that "all duties, imposts and excises shall be uniform throughout the United States"; of Article I, § 1, "which requires legislation to be enacted by Congress"; and, apparently of the Tenth Amendment, "as a violation of the states' power to tax for purposes of raising revenue for their own use, which power is vested exclusively in the states."

These arguments may be summarily

(CONTINUED ON PAGE 22)



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EDITORIAL COMMENT

Decks Cleared for Action at Portland

The National Association of Insurance Commissioners in convening at Portland will have its decks remarkably well cleared for action. It promises to be a meeting at which final action can be taken without much further ado on a number of important questions that have been in an animated but inconclusive stage for sometime.

President McCormack has called upon his fellow commissioners at Portland to take final action on matters that have been pending rather than to simply bring in progress reports or refer matters to subcommittees for further study, etc. The way things have shaped up it seems very likely that Mr. McCormack's wishes will be fulfilled and that the Portland meeting will be one of final accomplishment.

In the first place, it was announced last week that the all industry committee and the commissioners' committee on rates and rating organizations have at long last come to an agreement on putative uniform legislation in the realm of fire and casualty rate regulation. The way seems to be cleared for final action on this most absorbing and vital question.

Also in the fire insurance area the N.A.I.C. committee and the industry last week came to terms on the matter of a new classification setup for reporting premiums and losses.

The valuation of securities resolution seems to be a cut and dried matter, with the decision reached beforehand not to recommend action at this time either on the life companies proposal for an amortization formula for preferred stocks or on Superintendent Dineen's proposal for a contingency reserve on the liability side to keep out of surplus possible inflated values of common stocks.

The accident and health committee is ready to present in final form a proposed revision of the standard guide that is used in testing A. & H. policy filings. The life insurance committee is ready with a completed draft of new uniform group life insurance definition and standard provisions for group life insurance.

Also the A. & H. committee seems to be pretty well set on the matter of a definition of so-called franchise insurance.

The atmosphere at this point is surprisingly well cleared. It is not only coincidence that so many of these important issues are now ready to be resolved without further debate. There has been an immense amount of preliminary work at previous regular meetings of the association and more particu-

larly at committee sessions throughout the country. Committees have held forth at various points to take up just one or two issues at a time and they have devoted nights and days to the matter at hand without the distraction of trips to Mt. Hood, Pamunkey tribe ceremonials and cocktail gatherings. These committee sessions have been, exceptionally worthwhile. Drafts in what appeared to be in final form have been chewed to pieces, rewritten, reprinted, torn apart again and finally put in shape for final action with every possible viewpoint having had its say, with errors in draftsmanship having been revealed and with unsuspected consequences of various conditions and provisions pointed out.

The sessions of the commissioners association are frequently branded by superficial critics as being nothing but gabfests and with what is supposed to be the annihilating question: "What did they do?"

Very often in terms of final action taken, the commissioners meetings add up to very little but we venture to say that the very critics who condemn the association for not coming out with half a dozen big decisions at each meeting would be the first to cry "uncle" should the commissioners get in the habit of snapping out decisions affecting the business everytime there was a quorum at a committee meeting.

It is true that many of the questions considered at N.A.I.C. meetings are recurrent and that oldtimers smile indulgently when they hear a spirited debate in 1946 on an issue that was old stuff to them in 1920. Yet the value and importance of the commissioners meetings are not to be measured in terms alone of resolutions adopted, action taken and questions finally resolved. There is a great benefit in the discussions themselves, the information that is adduced, the new points that are revealed and the illumination of the problem.

The N.A.I.C., being a voluntary association of state officials, could not last long if it insisted frequently on voting down states with a minority view or taking steps that outraged the industry. Results can be obtained only by working perhaps over the years to develop a consensus. Those who follow these meetings closely and watch what happens to various questions can see the progress that is being made. They can see brick being laid upon brick, even though the matter may be referred for further study or progress noted.

We feel that the commissioners and the camp followers are entitled to some

relaxation at Portland if it turns out that this is to be a meeting of final actions, on account of the months and

years of attention that they have been giving to these matters that now seem ready for disposition.

Vice-presidents on the War Path

Vice-presidents of insurance companies with more than \$4 million of assets were set back on their heels by President Truman's disparaging remarks about them during his talk to the graduating class at Washington college, Chestertown, Md. The attack was particularly disturbing to them because they had been enjoying a feeling not only of complacency but of elation due to the fact that three of Mr. Truman's important appointments since assuming the Presidency have been from their own ranks—George E. Allen, vice-president of Home, the largest fire insurance company in the country with assets of more than \$172 million; Edward McKim, vice-president of Mutual Benefit

Health & Accident, the largest insurer of individual accident and health lines with assets of \$50 million, and Sidney Souers, vice-president of General American Life with assets of better than \$147 million.

The big insurance company vice-presidents spent a very unhappy day Sunday as they read and reread President Truman's lowly estimate of their position in the world. However, by Monday morning many of them had recovered from their despondency and, in fighting togs, were plotting a plan of action. They got under way a movement to organize a committee of big insurance company vice-presidents to promote a \$4 billion government at Washington.

PERSONAL SIDE OF THE BUSINESS

Walker Laramore, Penn Mutual, Miami, Fla., has qualified for the Million Dollar Round Table. Mr. Laramore, the company's second largest producer, qualified in the first five months of 1946 and within six months of his return from service. Long one of Penn Mutual's leaders, he entered life insurance in 1933.

Harry W. Albright, general agent for Penn Mutual at Albany, N. Y., since 1924, has resigned to become president of the National Savings Bank of Albany. He has been a director of the bank for several years, and before joining Penn Mutual he was an agent of Mutual Life for 13 years.

Dr. Louis I. Dublin, Metropolitan vice-president, has been named an officer of the Order of Public Health of the Republic of France in recognition and appreciation of a child health survey he conducted while in France in 1945 as American Red Cross representative. During 1944-45 Dr. Dublin served as full-time assistant to Basil O'Connor, head of the Red Cross, and during the absence of Mr. O'Connor overseas, he was acting head of the Red Cross in this country. Dr. Dublin's appointment was announced by the French Ministry of Population.

M. J. Cleary, president of Northwestern Mutual Life, has been appointed on a national committee of the Community Chests of America which will lead national promotional effort for 849 community chests to raise more than \$162 million during their fund raising campaigns next fall.

Kellogg Van Winkle, manager for Equitable Life Society in Los Angeles, addressed the current business problems class at the University of Redlands, Cal., on "Life Insurance."

Johnson D. Hill, president of Atlas Life, is making a tour in a private plane to further his campaign for governor in the coming primary. The air tour is said to be one of the first of its kind in connection with a political campaign. He planned to speak in seven different

counties of western Oklahoma on the trip.

F. R. Kerman, vice-president Pacific Mutual Life, has been elected president of the Los Angeles Advertising Club.

William S. Leighton, assistant manager at Minneapolis for New York Life, and chairman of the membership committee of the National Association of Life Underwriters, is a candidate for the state legislature in the 34th district.

Max B. Jackoway, general agent of Pacific Mutual Life at St. Louis, was married there to Miss Lillian Sparbur.

Gilbert Ball, San Francisco manager of California-Western States Life, accompanied by Mrs. Ball, flew to New Zealand June 1, arriving at Auckland June 3 via Pan-American Airways on its first trip for civilians since the war. The trip takes a minimum of 16 days by steamer. They will visit Mr. Ball's aged mother and return by air.

Morton Bigger, Southwestern Life, Dallas, has qualified for life membership in the Million Dollar Round Table. He has been with the company since 1931 and for several years has been one of the three leaders in his company.

Edward C. Carlson, state agent in Minnesota for Northern Life of Seattle, will be a candidate for mayor of Stillwater at the July 8 primary.

Ray Yenter, former Iowa commissioner, was defeated by Representative Jensen in the Republican primary for congressman from the fifth Iowa district.

DEATHS

Russell P. Freeman, 68, manager of Prudential's Washington ordinary office from 1922 until he retired last August, died at his home at Washington after several weeks' illness. Funeral services were held Wednesday at Fort Myer chapel, followed by interment in Arlington National Cemetery.

Descended from a Mayflower pioneer,

THE NATIONAL UNDERWRITER

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CHICAGO 4, ILL.—175 W. Jackson Blvd., Tel. Wabash 2704. O. E. Schwartz, Associate Manager. L. N. Yellowices, Advertising Manager.

CINCINNATI 2, OHIO—420 E. Fourth St.

Tel. Parkway 2140. Abner Thorp, Jr., Vice-President. George C. Roeding, Associate Manager; George E. Wohlgenuth, News Editor.

DALLAS 1, TEXAS—802 Wilson Bldg., Tel. Central 5833. Fred B. Humphrey, Southwestern Manager.

DES MOINES 12, IOWA—3333 Grand Ave., Tel. 7-4677. R. J. Chapman, Resident Manager.

DETROIT 26, MICH.—1015 Transportation Bldg., Tel. Randolph 3994. A. J. Edwards,

Resident Manager.

KANSAS CITY 6, MO.—605 Columbia Bank Bldg., Tel. Victor 9157. William J. Gessing, Resident Manager.

MINNEAPOLIS 2, MINN.—503 Northwestern Bank Bldg., Tel. Bridgeport 7838. R. W. Landstrom, Resident Manager.

NEW YORK 7, N. Y.—99 John St., Room 1103, Tel. Beekman 3-3958. Editorial Dept. — R. B. Mitchell, Eastern Editor; Kenneth O. Force,

Associate Editor. **Business Dept.**—Ralph E. Richman, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 3706. E. H. Fredrikson, Resident Manager.

SAN FRANCISCO 4, CAL.—507-8-9 Flatiron Bldg., Tel. EXbrook 3054. F. W. Bland, Pacific Coast Manager. Guy C. Macdonald, Pacific Coast Editor.

Mr. Freeman was born in New Jersey, educated there and entered business, going to Washington in 1922 as Prudential manager.

He served as a major in the first war. William R. Giblett, 56, for 25 years superintendent for Metropolitan Life in various key cities of Washington and Oregon, died at Spokane. He had been located there for 10 years.

Howard V. Wilson, retired manager of Phoenix Mutual Life at Seattle, died in Minneapolis of injuries sustained in a fall.

Inserts Disability Slip by Error for Double Indemnity; Can't Reform Contract

A clerical error in inserting a disability provision instead of double indemnity in a contract makes the insurer liable for disability benefits, the Georgia supreme court has decided in reversing the decision of the lower court in Yablon vs. Metropolitan Life.

Zavel Yablon bought a policy for \$5,000 in 1922; this was reduced the next year to \$2,500, and for an additional quarterly premium of 85c, it provides by its terms for a \$25 monthly benefit in case of total and permanent disability.

Metropolitan Life found that Yablon had applied for an endowment at 85 policy with double indemnity and that a clerk, through mistake, attached the disability slip.

Yablon stated he could not read English, that he had requested the agent, the late E. S. Harter, to get him a policy with disability protection and Harter read the disability clause to him.

Metropolitan Life contended it was the intention of both parties that the coverage should be endowment at 85 with double indemnity. By mistake a supplement was unintentionally attached which provided for benefits in case of total and permanent disability.

The court stated that Metropolitan, on at least three occasions, had actual possession of the policy, including the time the amount was reduced from \$5,000 to \$2,500, and when there was a change of beneficiary. The fact that Yablon returned the policy to the company completely negates the contention that he was undertaking in any way to conceal the provisions it actually contained, the court asserted.

The court expressed the belief that "double indemnity" and "disability" to one so unlearned and uninformed as Yablon about insurance contracts might be synonymous terms. They are simply trade names employed by insurance companies and "double indemnity" to one not skilled in the business could unquestionably have various meanings.

Conservative Life Stock Is Put Up to Assure Deal

More than 80% of the stock of Conservative Life of Charleston, W. Va., has been placed with the escrow agent in connection with the proffer of the Dallas investment house of Dallas, Rupe & Co. to buy 80% or more of the stock at \$63 a share and to provide President Clem E. Peters with a fund of \$130,000 with which to pay special compensation to officers and employees at his discretion. Under the agreement the stock was to have been deposited by June 1. However, the prospective purchasers have until June 15 to examine the assets before completing the deal.

DALLAS MOVE SEEN

DALLAS—Purchase of Conservative Life of Wheeling will be effectuated by Dallas, Rupe & Son, investment bankers of Dallas, in accordance with the proposition that had been made earlier. It was announced here that 90% of the stock had been deposited, whereas the firm had stipulated that only 80% would be necessary. A deposit of \$2,400,000 has been made to pay for the stock. It is expected that the company will be moved to Dallas.

Sees Integrity, Courage and Vision in Agency's Record

The 50 years' service of the Rockwood Co. agency of Chicago to the insuring public has been founded on vision, courage and integrity, Jesse W. Randall, president of Travelers, declared in a talk at the golden anniversary dinner of the agency.

He noted that the agency had the integrity to meet and discharge all its obligations without regard to cost; the vision to see the great value of insurance business; and also the courage to rise superior to the many adversities it has encountered in a half century.

Agency History Reviewed

He touched on the early history of the agency, which in addition to being general agent of Travelers' life and accident department for 50 years, also has conducted a general insurance business in all lines for that period. The original agency was Taft & Rockwood, which later became Rockwood-Badgerow, and some 10 years ago took the simpler present title.

Esmond Ewing, first vice-president of Travelers Fire, gave a brief talk and Harry W. Anderson, assistant superintendent of agencies of Travelers, former life department manager of Rockwood Co., took a bow.

An hour of refreshments preceded the dinner, which was informal but sumptuous. A number of company managers of Chicago were introduced and spoke briefly. W. Carter Butler, president of Rockwood Co., presided, and Mrs. Butler also sat at the head table.

Los Angeles Occupation Tax Validity Questioned

LOS ANGELES—Validity of the recently enacted tax ordinance by the city council of Los Angeles, which taxes all businesses and professions, is being questioned by insurance companies, agents and brokers. The ordinance provides a minimum yearly license fee of \$12 for all but a few businesses and professions, and insurance agents and brokers were put in the taxable list.

Hearings have been held between insurance interests and the city attorney in the effort to prevent the city from collecting the tax. The ordinance is held illegal, insofar as insurance interests are concerned, because the state constitution contains a provision that the state premium tax is "in lieu" of any other taxation to be levied by counties or municipalities where the tax money is a direct charge against insurance premiums. As the agents are paid commissions out of the premiums collected, it is held by insurance interests such a tax is a direct charge against insurance companies.

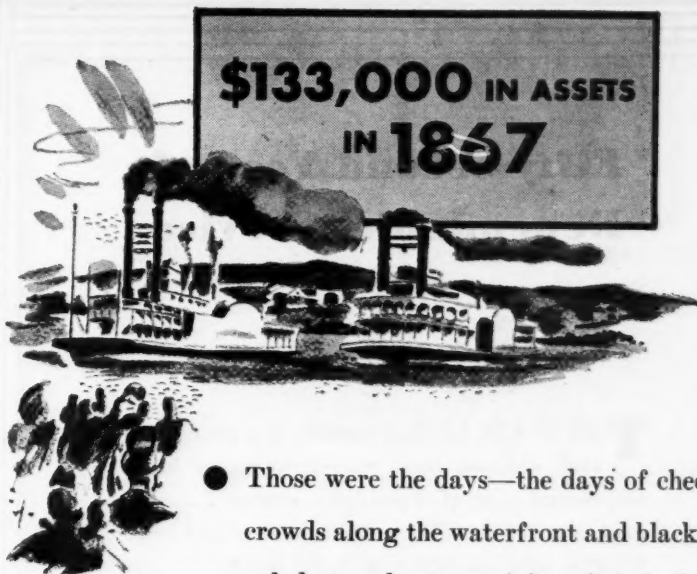
The city attorney's office is questioning whether brokers are not taxable because they are not accredited to any company. Insurance men point out that under the law a broker is the representative of the company in collecting premium, paying it to the company and delivering the policy to the policyholder, and therefore is no more taxable than an agent.

Los Angeles 20 years or more ago passed a similar ordinance which was challenged in the courts (Hughes vs. City of Los Angeles)—and was declared invalid because of the "in lieu" provision. An opinion by the city attorney's office is to be written setting forth the city's position.

To Codify Colorado Laws

DENVER—Ranger Rogers, former assistant state attorney general, has been appointed to codify Colorado insurance laws and to recommend changes to make them conform with requirements under PL 15.

He was appointed by Attorney General Hinkley on the recommendation of Commissioner Kavanaugh. Rogers and Kavanaugh will work together on the revisions, and Rogers will report to the statutory revision subcommittee of the legislative interim committee.

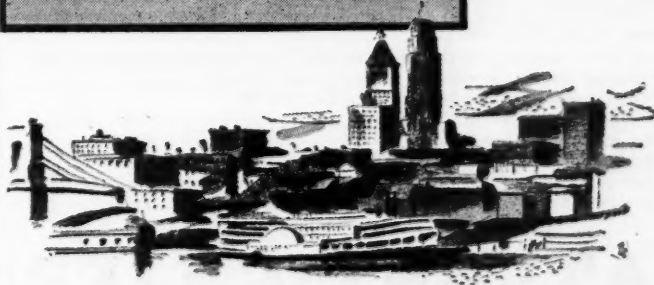


● Those were the days—the days of cheering crowds along the waterfront and black funneled steamboats straining their boilers to win the race. That was Cincinnati in 1867, the year of The Union Central Life Insurance Company's organization.

These are the days, too—days that proudly show the results of 79 years of growth and expansion for a city—and a company. For Union Central's assets have grown from \$133,000 in 1867, to \$525,000,000 in 1946. And during this continuous financial growth a unique spirit of cooperation between home office and U. C. agents has been a major contributing factor—one of

the reasons why Union Central is known today as an "agents' company."

OVER
\$525,000,000
IN ASSETS
IN 1946



THE UNION CENTRAL LIFE INSURANCE COMPANY

CINCINNATI, OHIO

Over \$525,000,000 in Assets

Fifty-second Year of Dependable Service



THE STATE LIFE of Indiana is a purely mutual, old-line, legal reserve Company in its fifty-second year of dependable service. . . . Has paid over \$151,000,000 to policyholders and beneficiaries, and in addition holds assets of over \$63,000,000 for their benefit . . . Issues a wide range of policies from ages one day to sixty-five years, including Juvenile, Educational Fund, Family Income, Salary Continuance, Retirement Income, and other up-to-date forms. . . . Agency opportunities with complete training and service facilities for those qualified.



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Indianapolis, Indiana

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ATLANTIC OFFERS BROADER JUVENILE COVERAGE

In line with the Company's progressive policy of providing its representatives a complete line of contracts for their clients, effective April 1st, four new policies were added to accommodate the fast growing juvenile market. Our complete line of juvenile contracts include: Ordinary Life-Selected Risks; Life Paid Up at Age 60; 20 Payment Endowment at age 60; 20 Payment Life; 20 Payment Endowment at Age 85; 20 Year Endowment; and Endowments maturing at Ages 17, 18, 19, 20 and 21.

All of these contracts, in the event of death, provide for payment of the ultimate amount at age 5, whereas formerly, the Juvenile contracts provided only for the payment of the ultimate amount at age 10.

This expansion of Juvenile coverage is another reason why 1946 offers an outstanding opportunity for Atlantic Life representatives under the Company's salary and incentive commission plan of operation.

Agency and managerial opportunities available in Virginia, North Carolina, South Carolina, Maryland, District of Columbia, West Virginia, Tennessee and Texas.



ATLANTIC LIFE INSURANCE COMPANY

Richmond, Virginia

Organized 1899

Directing the Way Toward Financial Security Since the Turn of the Century

LIFE AGENCY CHANGES

Wright Syracuse General Agent

Frederick Wright has been appointed Penn Mutual Life general agent at Syracuse. A native of Ohio, he majored in life insurance at the University of Pennsylvania and in 1935 joined Henry M. Faser, Jr., agency of Penn Mutual in New York. Three years later he went with Mr. Faser as supervisor in his Boston agency.

In 1941 Mr. Wright entered the home office training school and was appointed general agent at Springfield. In 1943 he went into the navy where he served two years aboard aircraft carriers as a lieutenant, seeing combat at Iwo Jima and Okinawa as an air combat intelligence officer.

Cardwell Heads Charleston Agency

National Life of Vermont has appointed Herbert W. Cardwell general agent for West Virginia and southern Ohio at Charleston, W. Va. He succeeds C. L. McPherson, who resigned to become associate director of the Life Insurance School of Marketing at Purdue University.

A graduate of Business College, Mr. Cardwell has done considerable post-graduate work in administration. He enlisted in the army as a private in 1942 and rose to captain of the signal corps while stationed in Berlin. After V-E day he was assigned to the University of Birmingham, England, where he studied economics. He was separated from service in February.

Steffens Heads Travelers Puerto Rican Agency

Travelers has opened its first agency outside continental U. S. with appointment of Adolf Steffens as general agent at San Juan Puerto Rico.

Mr. Steffens will not only represent Travelers as an agent but will conduct claim adjustment and other services. He has been a resident of Puerto Rico since 1904.

Commonwealth Opens Eastern Ky. Branch

Commonwealth Life has opened an ordinary branch at Prestonburg, Kentucky, with Claybourne Stephens as manager.

Mr. Stephens joined the company in 1943 and the following year became a naval officer, seeing action in the Pacific.

Beneficial Standard Opens Indiana; Other New Offices

Beneficial Standard Life has opened Indiana and has established a branch office at Gary with Donald J. Hutchinson as manager. He formerly was general agent at Huntington Park, Cal.

Vice-president Martin Topper has just returned to the home office from a trip through Texas, Colorado, Illinois and Michigan. In addition to opening up Indiana the company has opened new agencies at Peoria, Kankakee and Galesburg, Ill., which will report through the Chicago branch.

Branch offices have been opened at Denver, with Willard Whirry as manager, and Houston, with Paul Mills as manager. Mr. Mills formerly was general agent at San Diego. Wade Cargyle has been appointed general agent of Santa Ana, Cal.

Richard C. Govan, recently discharged from service, has been appointed assistant manager of Prudential in Memphis under Manager J. E. O'Callaghan.

Murphy Is Detroit Guardian Manager

John S. Murphy, former production manager of the John O. Todd general agency of Northwestern Mutual Life in Chicago, who for several months has been concentrating on personal production in that agency, has been appointed Detroit manager by Guardian Life. He took up his new duties there Monday.



John S. Murphy

Mr. Murphy has been in the life insurance business since 1922, starting with Equitable Society at Minneapolis as an agent. Previously he was a cashier of a bank in northern Minnesota and sold life insurance on a part-time basis for a while. After some experience as a salesman, he was appointed unit manager by Equitable at Minneapolis, and then became the manager there.

He drafted John Todd into the business and gave him his early training.

Subsequently Mr. Murphy resigned and went with Clay Hamlin, Buffalo general agent of Mutual Benefit, as production manager. The agency became outstanding in the volume of business that it did annually. Then Mr. Murphy was appointed Baltimore manager by Union Central Life and retained that post for nine years until he resigned to join Mr. Todd in 1944.

Loyal Protective Names Bogardus

Loyal Protective Life has appointed John O. Bogardus general agent in Boston. Mr. Bogardus was formerly general agent in that city for Union Mutual Life



JOHN O. BOGARDUS

and more recently with the R. W. Partidge agency of New England Mutual in charge of a special section of agents and brokers.

Krebs Names Two Supervisors

NEW YORK—O. A. Krebs, general agent of Aetna Life at 151 William street here, has appointed Robert V. McWilliams as supervisor in the brokerage department and Walter W. Smith as supervisor of full-time agents.

Mr. McWilliams in 1936 attended the Aetna group school and was appointed home office representative at Indianapolis, where he remained until 1939 when he was made manager of the group department at Rochester. In 1941 he was assigned to the New York group de-

partment where he remained until 1943 when he entered the navy. He was a lieutenant (j.g.).

Mr. Smith in 1935 joined Aetna as home office representative. A short time later he was made manager of the St. Paul group department. In 1938 he was transferred to St. Louis as assistant manager of the group department. He was in the army air forces. On his return from service he was made manager at St. Louis.

Kerr Oklahoma Manager for Reserve Loan Life

Dave Kerr has been named manager for Oklahoma of Reserve Loan Life. Mr. Kerr was a successful agent and a supervisor with National Life of Oklahoma and when this company was re-insured by Reserve Loan last December, he went with it. He has been acting manager since March.

Nelson to Minneapolis as G. A.

Mutual Trust Life has named Paul S. Nelson general agent at Minneapolis. Formerly manager of the western department, Mr. Nelson for the remainder of 1946 also will have supervisory duties in Minnesota, Wisconsin and Iowa.

Paul L. Chelgren, formerly manager of Mutual Trust's branch office in Minneapolis, is transferring his activities to an area comprising several rural counties in southwestern and southern Minnesota. Until 1947 Mr. Chelgren will continue to make his headquarters at Minneapolis.

Neill Has Ore. and Wash.

W. R. Neill, Jr., has been appointed superintendent of agencies for Western Life in Oregon and Washington with headquarters at Seattle.

Mr. Neill was engaged in life insurance selling at Memphis before going to Seattle in 1937. In 1941 he became general agent there for Western Life, and then served in the navy.

Stokes L. A. General Agent

F. Kenneth Stokes has been appointed general agent in Los Angeles by Loyal Protective Life. He is a native of Iowa, and went to California more than 25 years ago. He has been with Mutual Benefit Life, Connecticut Mutual Life and Bankers Life in supervisory capacities.

American of Ala. Enters Ga.

American Life of Birmingham has opened state offices in Atlanta with C. A. Waller as state manager. It is planned to open branch offices in several cities of the state. Mr. Waller has been manager of the industrial department of American Life in Birmingham. Individual and family group hospitalization will be written in Georgia as well as the regular lines of life insurance.

Travelers Promotes Two

J. Will Patterson, Travelers field assistant at Charlotte, and Thomas M. Gilbreath, field assistant at St. Louis, have been promoted to assistant managers.

Frank G. Sutherlin, Jr., field assist-

ant, has been transferred from Seattle to Spokane.

Names Roos at Knoxville

Wilbur L. Roos has been appointed general agent at Knoxville, Tenn., for Franklin Life.

Ex-Chicagoans Together Again

In addition to the appointment of E. R. Mitchell as assistant manager of the group department of Cravens, Dargan's life department in San Francisco, working with Manager Ralph Low, Clarence W. Boettcher, with Connecticut General in Chicago before joining the navy, also has been named assistant manager. He will devote his efforts to servicing brokers and the general agency's local agents.

The three men were previously together in Chicago with Connecticut General, the company for which Cravens, Dargan & Co. is general agent in northern California.

Promote S. B. Brooks on Coast

Stanley B. Brooks has been appointed assistant manager at San Francisco of Guardian Life. He entered insurance in 1929 with the Sales Research Bureau. He joined Guardian in 1935 at San Francisco.

In 1943 he was granted a leave of absence to work for the San Francisco war chest and the Red Cross. Mr. Brooks returned to Guardian in 1945 as supervisor at San Francisco.

SALES MEETS

Star Producers at Va. Beach for "Opportunity" Meeting

The Star Producers Club of Columbian National Life held its annual convention at Virginia Beach, Va. More than 150 members attended the first meeting since 1941. A general session on "Today's Opportunity" was held. J. E. Scholefield, L.I.A.M.A.; L. L. Howard of Boston and Frank Philpot of St. Louis spoke, and a forum was held to discuss field office matters. A second session, limited to general agents and supervisors, was conducted in round table form. It reviewed current training trends. Besides Chairman Scholefield, panel speakers were W. S. Vogel of Newark, L. E. Coffman of St. Louis, L. B. Rymph of Wichita and D. R. Harmelin of New York City.

Jefferson Standard Celebration

About 100 Texas agents of Jefferson Standard attended a meeting at Galveston in celebration of the total insurance in force in the state passing the \$100 million mark.

Iowa Life Agents Meet

A one-day sales meeting of Iowa Life was held at Des Moines with 650 agents and special agents in attendance. The meeting was the kick-off for the June campaign which is aimed at bringing insurance in force to over \$50 million by July 28. L. A. Williams, manager of the company, presided.

American Mutual Rally in Minn.

The summer meeting of American Mutual Life will be held June 26-28 at Pine Beach hotel near Brainerd, Minn. About 100 executives and district managers are expected to attend.

Ohio State Managers' Committee

R. G. Leuzinger, Columbus manager of Ohio State Life, has been named chairman of its new general agency managers committee. J. Earl Pullen of Toledo is secretary. Other members of the executive committee are James C. McFarland, Cincinnati; Robert Horn, Mansfield, and Robert Patterson, Akron.

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announces

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FOR EMPLOYEE GROUPS

PROTECTING PRESENT AND FUTURE EARNINGS

UNDER A FLEXIBLE PROGRAM OF

GROUP TERM

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The Company, for the first time in its history, invites inquiries from reputable brokers having Wholesale prospects or clients in its territory.

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Allen May, President

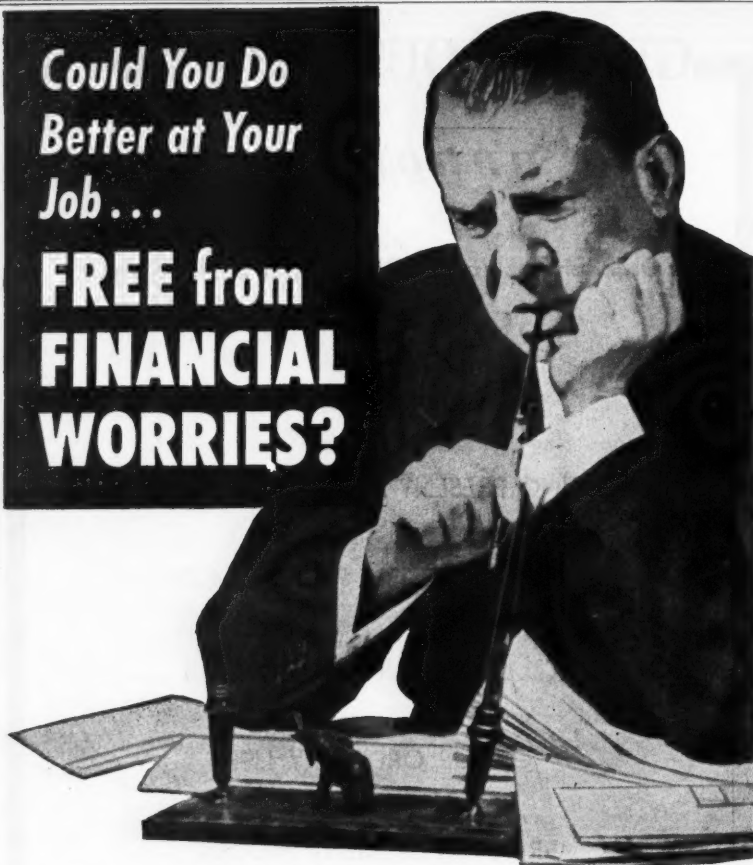
St. Louis 1, Mo.

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Send photo and give age and experience in first letter—all inquiries will be considered confidential.

Write Box E-56, THE NATIONAL UNDERWRITER, 175 West Jackson Blvd., Chicago, Illinois.

AMONG COMPANY MEN

Voecks Named President of Lutheran Mutual

Walter G. Voecks was named president of Lutheran Mutual Life of Waverly, Ia., at a meeting of the directors at Chicago. He will also continue to serve as actuary for the company.

He succeeds A. C. Ernst, who has served as president since August, 1945. Mr. Ernst will continue in the position of chairman.

Mr. Voecks is a native of Appleton, Wis., and attended Lawrence College. He completed his actuarial studies at the University of Iowa in 1930 and became associated with Lutheran Mutual in 1931 as actuary. In 1934 he was elected secretary and director. In August, 1945, he was elected executive vice-president and actuary.

Mr. Voecks has taken a prominent part in church and civic activities. He is national president of the Brotherhood of the American Lutheran Church. He is vice-chairman of the board of regents of Wartburg College, Waverly.

Walter G. Voecks



Other Official Changes

Fred W. Studier was elected a director to fill the unexpired term of the late Dr. Jacob Diehl, Lockhaven, Pa. Mr. Studier was also reelected vice-president and treasurer. He joined Lutheran Mutual in 1932, serving as assistant to the treasurer and later as secretary of the investment board. He has been treasurer since 1939.

Harry H. Hagemann was named acting general counsel, succeeding Armin M. Johnson, Minneapolis. Mr. Hagemann has been associate general counsel. Carl E. Hagemann was named associate general counsel, a position he held before he entered service.

Ernest Koopman, assistant secretary and office manager, was elected to the executive committee.

Education Director for Security Mutual

The newly-created post of director of education of Security Mutual of New York has been filled by Hugh A. Wedge, Binghamton, N. Y., a veteran of 25 years in the field. Purpose of the new division is to improve service by company representatives in 16 states. It was one of several appointments recently made by Security Mutual.

N. T. Carson has been named assistant superintendent of agencies under F. Leon Mable, superintendent. Mr. Carson formerly was agency secretary.

G. Nelson Watts succeeds F. C. Germond, retired, as superintendent of printing and supply. Mr. Germond recently completed 41 years' continuous service with the company. Also retired is Mrs. Germond, supervisor in the medical inspection bureau, who served 21 years for Security Mutual in that capacity.

R. S. Kohn, director of public relations, has returned from service.

Burns Elected President, Chairman of Crown Life

TORONTO—C. W. Somers, president, and G. T. Somers, vice-president of Crown Life, have retired and H. D. Burns has been elected president and chairman. C. W. Somers was only recently elected president following the death of G. Howard Ferguson.

Conn. Mutual Advances Five at Home Office

Connecticut Mutual Life announces promotions for five members of its staff.

George F. B. Smith and H. Martin Tenney are advanced from assistant vice-president to 2d vice-president and 2d vice-president, mortgage loans, respectively. Paul H. Sheridan, assistant supervisor of city loans, becomes supervisor of city mortgages. E. Carl Joslin is appointed assistant supervisor of city mortgages, and Dr. Ralph C. Secor is appointed assistant medical director.

Mr. Smith, a graduate of Amherst, joined Connecticut Mutual as an agent

G. F. B. Smith



H. M. Tenney



Paul H. Sheridan

at Pittsburgh and soon was appointed agency supervisor. In 1930 he was called to the home office as agency assistant. He became assistant superintendent of agencies in 1933 and assistant vice-president in 1940. He is a trustee of Hartford Community Chest and was campaign manager of the Hartford War Chest in 1944. He is a director of the Y.M.C.A. and a member of the board of education of West Hartford.

Mr. Tenney joined Connecticut Mutual in 1935 as assistant supervisor of city loans, becoming supervisor in 1937



E. Carl Joslin



Ralph C. Secor

and assistant vice-president in 1940. Formerly he had been with First National Co. of St. Louis making loans and appraisals. He is a graduate of Boston University and in the first war served overseas in naval aviation.

Mr. Sheridan graduated from Fordham law school and entered mortgage loan work at New York with City Bank Farmers Trust Co., State Title & Mortgage Co., and Equitable Society. He went with Connecticut Mutual in 1934, being appointed assistant supervisor of city loans in 1941.

Mr. Joslin graduated from Edinboro State College and John Marshall law school, following which he was admitted to the bar in Ohio. Prior to joining Connecticut Mutual, he was mortgage loan attorney with Guardian Trust Co.

of Cleveland. He has been a member of the city loan department of Connecticut Mutual since 1936.

Dr. Secor graduated from the University of Syracuse in 1936 and the University Medical School in 1939. He served his internship at the Flower-Fifth Avenue Hospital in New York City, following which he went into private practice. During the recent war, he served as a captain attached to the 300th General Hospital in Italy. He became associated with Connecticut Mutual last December.

Maine Is Provident Mutual Finance Sec.

Provident Mutual Life has elected Robert F. Maine financial secretary.

Mr. Maine is a graduate of the University of Pennsylvania. He went to the company in 1942 after considerable experience in the investment field. In 1943 he was elected assistant treasurer and in 1945 associate financial secretary.

At the present time he lectures on corporation finance in the commerce school of the University of Pennsylvania and is serving on the sub-committees of the life insurance investment research committee on preferred stock valuation and the Bretton Woods agreement.



R. F. Maine

Start Baltimore Group Office

A new group office has been opened at Baltimore by Prudential with William A. Trombley, Jr., as home office representative in charge. The office will be in the Maryland Trust building.

Mr. Trombley attended William & Mary College. For four years he was group manager for Connecticut General.

Moffett Succeeds Roberts

James Moffett has been appointed supervisor of claims at the home office of Northwestern and Northwestern Life of Seattle. He was with Gould & Gould, general agents, for several years as head of the Oregon claims office and returned recently after serving in the army. He succeeds Lloyd Roberts, resigned.

Pangman Dominion Treasurer

George F. C. Pangman has been appointed treasurer of Dominion Life, Waterloo, Ont. He was with Matthews & Co., Toronto investment dealers, for 14 years. During the war he served in the Italian and European theaters with the Canadian army.

McGregor with No. American Acc.

Walter McGregor has joined North American Accident of Chicago as life actuary. He has recently returned from service. He is an Iowa graduate in actuarial science and has had considerable company experience. Roy Diepenbrock, former actuary of the Missouri department, is senior actuary.

Plans for Librarians Rally

BOSTON—A feature of the convention of the Special Libraries Association to be held here June 13-15 will be a gathering June 13 of insurance librarians who will hold several group meetings. There will be a luncheon at which Ellen Commons, librarian of the social security board will speak on "Trends in Social Security" and an afternoon tea at the home office of New England Mutual Life. Members of New England Mutual dramatic group will present a skit at a breakfast June 14 and June 15 the Insurance Library Association of Boston will entertain the group at luncheon.

POLICIES

Great Southern Is Embarking in Group Field

Great Southern Life announces its entry into the field of wholesale life insurance. Subject to the usual underwriting rules applicable to group, the company is offering complete life protection and retirement income under a flexible program of five basic contracts. Great Southern will consider only groups involving a definite employee-employer relationship.

The basic plans are: Group term, group ordinary, group retirement income at age 65, group deferred annuity at age 65, and a group annuity which is in effect a single premium annuity. The annuity plans will be issued only in conjunction with commensurate group life coverage.

Retirement settlement options offered are very flexible and permit a wide choice to conform to various needs. Retirement benefits will be available either as a designation at the usual age 65 or in the case of older employees at the completion of 10 years' service after the installation of the plan. The life income benefit will be written to provide for a period certain of either 60 or 120 months. A deferred annuity at age 65 will be written with or without refund of premium in the event of prior death.

Conversion Privileges

So far as the employee participates in the cost on any of the plans he is guaranteed conversion privileges to the extent of the full reserve created by his contribution. Thus, though the individual premiums are appreciably lower than the company's standard rate book premiums for similar plans, because of the expense savings on the business written on the group basis, the employee's equity is greater. It may be taken in any of the usual ways and he may, at an adjusted premium, continue without evidence of insurability the same amount of personal life insurance as evidenced by his group coverage.

Great Southern also announces that it will accept wholesale insurance from brokers. This is the first time in history that the company has consented to accept business on a brokerage basis. However, the company states that where it is shown that one of its representatives has already entered into negotiations it will protect its representative's interest and will not consider proposals

involving that particular case from brokers or other representatives.

Premium Payment by Draft Proves Successful

United Fidelity and Reserve Loan Life, both of Texas, have been successfully operating a plan of bank draft premium payment which has proved convenient and satisfactory to policyholders,

saving time and eliminating the risk of policies lapsing through oversight.

The United Fidelity policyholder, who must have a checking account, is sent a bank draft authority card to be completed and returned to the company. On this card he gives the name and address of his bank, due date, premium basis, amount of the premium and policy number, and signs in two places.

When the card is properly executed and returned, one part, the bank's authority to honor drafts, is sent to the bank. The other portion is retained in the company's files and serves as the authority to draw on the insured's ac-

our Maine
selling point...

... today, as always, is friendly, efficient
SERVICE.

It's true... we're not as large as many
... yet can you judge on size alone?

We honestly strive to measure our stake
in the kind of a job we do. And biggest
and best... molding profits plus... are
our gains in friendly service.

Thanks to our Field Force, gains have
become a Union Mutual custom!



UNION MUTUAL
Life Insurance Company
PORTLAND MAINE HOME OFFICE

Roland E. Irish, President
Harland L. Knight, Agency Vice-President

... LIFE • SICKNESS • ACCIDENT • GROUP ...

THE MANUFACTURERS LIFE

COMPLETE BROKERAGE FACILITIES

All Life, Endowment and Annuity Plans.
Favorable Par. and Non-par. rates.
Standard and Sub-standard risks.
Facilities for handling large cases.
Civilian Foreign Travel Coverage.
Annuities — Single Premiums up to \$100,000.
Prompt and Efficient Service.

INSURANCE IN FORCE, 853 MILLION DOLLARS
(Including Deferred Annuities)
ASSETS, 295 MILLION DOLLARS

INSURANCE COMPANY

HEAD OFFICE:
TORONTO, CANADA
Established 1887

INDIVIDUAL SECURITY--DEMOCRACY

Today, as never before, the people of America are thinking of the security of the future, a security guaranteed not by the blood of battle but by the economic security of each individual—for economic security of the individual is the prime requisite of national security.

When people turn to their government for sustenance, they live by the will of the government, not by their own, and Democracy becomes a mockery.

Life Insurance stands foremost in guaranteeing the economic security of the individual—in fact it is the greatest of all guarantors of individual security—and so of Democracy and Liberty.

Are you, as a Life Underwriter, interested? You will find it pays to be friendly with



PEOPLES LIFE INSURANCE COMPANY

"The Friendly Company"

FRANKFORT

INDIANA



STOP AND TAKE INVENTORY!

It's time to "take stock" of past accomplishments...to consider *your* chances for improvement in *your* present work.

Do you feel like the men of Anico...enthusiastically looking forward to greater sales during coming months? Men of Anico have a positive future ahead of them...greater security, new opportunities for advancement...more modern practical life insurance policies to fill their kits.

It still isn't too late for you to join these Men of Vision. For more detailed information, write Anico today!

OVER A BILLION *Now* \$1,350,000,000
INSURANCE IN FORCE

**American National
INSURANCE COMPANY**

GALVESTON, TEXAS — W. L. Moody, Jr., President

count for the designated amount on the specified date.

When these preliminaries are completed, the plan is instituted by the company's drawing a draft on the designated bank. The draft is charged to the insured's bank account as his premiums become due and constitutes the receipt as well as notice of premiums due.

The Reserve Loan plan is similar and ranks high in persistency among monthly premium plans. The minimum monthly draft premium allowable is \$5 per policy.

Sun, Can., Offers Family Income

Sun Life of Canada now is offering a wide assortment of family income riders. In addition to the 10, 15 and 20 year, age 60, and age 65 periods, it is now possible to obtain 11- to 14-year and 16- to 19-year periods. Premiums for \$10 monthly income, payable for four years less than the income period, are:

Age	12 Yrs.	14 Yrs.	16 Yrs.	18 Yrs.
20	\$ 3.95	\$ 4.15	\$ 4.40	\$ 4.65
21	4.00	4.20	4.45	4.70
22	4.05	4.25	4.50	4.75
23	4.10	4.30	4.55	4.80
24	4.15	4.35	4.60	4.85
25	4.20	4.40	4.65	4.90
26	4.25	4.45	4.70	4.95
27	4.30	4.50	4.75	5.00
28	4.35	4.55	4.80	5.05
29	4.40	4.60	4.85	5.10
30	4.45	4.65	4.90	5.15
31	4.50	4.70	4.95	5.20
32	4.55	4.75	5.00	5.25
33	4.60	4.80	5.05	5.30
34	4.65	4.85	5.10	5.35
35	4.70	4.90	5.15	5.40
36	4.75	4.95	5.20	5.45
37	4.80	5.00	5.25	5.50
38	4.85	5.05	5.30	5.55
39	4.90	5.10	5.35	5.60
40	4.95	5.15	5.40	5.65
41	5.00	5.20	5.45	5.70
42	5.05	5.25	5.50	5.75
43	5.10	5.30	5.55	5.80
44	5.15	5.35	5.60	5.85
45	5.20	5.40	5.65	5.90
46	5.25	5.45	5.70	5.95
47	5.30	5.50	5.75	6.00
48	5.35	5.55	5.80	6.05
49	5.40	5.60	5.85	6.10
50	5.45	5.65	5.90	6.15
51	5.50	5.70	5.95	6.20
52	5.55	5.75	6.00	6.25
53	5.60	5.80	6.05	6.30
54	5.65	5.85	6.10	6.35
55	5.70	5.90	6.15	6.40
56	5.75	5.95	6.20	6.45
57	5.80	6.00	6.25	6.50
58	5.85	6.05	6.30	6.55
59	5.90	6.10	6.35	6.60

Reserve Loan Has 3% Contracts

Reserve Loan Life of Texas has placed some of its policies on a 3% reserve basis with a resultant increase in premium rates. There has been no change in rates for the family income rider, term insurance, family group, group life, joint policies, or double protection to age 65. Endowments at 85, still on the 3½% basis, have undergone a rate revision.

Illustrative annual premiums on the new basis are:

Age	End. Age 85	20 Pay. End. Age 85	20 Pay. Life Inc. Ben.	Ret. Inc. 65	End. at Age 65	20 Yr. End.
20	17.80	28.09	42.61	25.82	21.86	49.34
25	19.83	30.15	43.69	29.94	24.92	49.66
30	22.43	32.71	45.26	35.94	29.10	50.18
35	26.01	36.27	47.86	43.50	34.91	51.16
40	30.98	40.86	51.81	54.76	43.43	52.94
45	37.49	46.76	57.73	71.14	...	56.06
50	46.26	55.14	65.74	100.02	...	61.01
55	58.97	65.76	75.87	158.17	...	69.00
60	69.79	73.82	81.31	74.86

ACCIDENT

Milwaukee County Medical Plan Must Have State O. K.

MILWAUKEE—Counsel for the Milwaukee County Medical Society has been advised by the Wisconsin department that it is illegal under present statutes for the county society to sell its prepaid surgical care plan outside of Milwaukee county, unless approval is given by the State Medical Society.

The county society entered into an agreement with Associated Hospital Service to become sales agent for its surgical care plan in connection with Blue Cross hospital service. A complaint was filed with the department questioning the legality of the sale of such service at Plymouth, Wis.

On examining the enabling act passed by the last legislature, the department decided that surgical care cannot be sold beyond Milwaukee county unless it is formally approved by the State Medical Society, and forms and rates are filed with the department for approval. This position was approved by the attorney general's office.

No formal opinion was given, however, as the county society asked that it be given an opportunity to place its case before the state group. A special meeting of the house of delegates of the state society has been called at Madison June 22-23 to air the controversy.

Since the State Medical Society announced its "Wisconsin plan" of voluntary coverage for surgery, obstetrics and hospitalization, underwritten by private companies, the Milwaukee County Society has been at odds with the state group. About 30 private companies have entered into an agreement with the State Medical Society to provide this coverage.

Michigan Cancels Northern Mutual Casualty License

The Michigan department has canceled the license of Northern Mutual Casualty of Chicago, effective as of May 29. The Ohio department previously had taken similar action.

The Michigan action followed a hearing at which the testimony was voluminous.

Michigan has been an important state for Northern Mutual because it rein-

What 40 Years' Progress Means to YOU

- ★ When you sell this Company's Life, Accident, Health and Hospital protection, you get full co-operation from a Company known for 40 years of square dealing . . . with representatives and with policyholders. Write now for our plan to develop your territory.



FEDERAL LIFE AND CASUALTY COMPANY

DETROIT 2, MICHIGAN

40th ANNIVERSARY YEAR

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sured the old Michigan Casualty of Detroit.

Commissioner Forbes held that Northern Mutual had been guilty of making inadequate and belated settlement of claims, that its loss ratio was abnormally low and that the so-called excess loss agreement of Northern Mutual with Bankers Life & Casualty of Chicago was disadvantageous to Northern Mutual and its policyholders.

Mr. Forbes stated that the number of complaints against Northern Mutual has been greatly disproportionate to the amount of its business in the state. Mr. Forbes stated that the loss ratio of Northern Mutual in 1942 was 16.04, in 1943, 22.37, 1944, 23.58 and in 1945, 27.49. This, he states, compares with an average for all A. & H. insurers in Michigan of 61% in 1942, 63% the next year, then 64%. The average figures for 1945 are not yet available.

Mr. Forbes stated that Northern Mutual was informed in 1944 that the department was critical of its low loss ratio. No effort was made to improve the situation. The excess loss agreement, according to Mr. Forbes, was of such character as to "cast grave doubt as to good faith."

FIGHTS OHIO OUSTER

COLUMBUS—Northern Mutual Casualty has appealed to the common pleas

court from the decision of the Ohio department revoking its license. The company says that the department did not prove the charges made, that the superintendent erred in respect to testimony and exhibits and that the act under which the hearing was held was unconstitutional in that it purports to delegate general legislative powers to an executive department of the state government.

Blue Cross Deal with Detroit Out

Detroit city employees must work directly with Michigan Hospital Service, the Blue Cross, and pay full premiums themselves, according to a ruling by the attorney general of Michigan.

The Hospital Service had proposed to the Detroit council that the city pay part of the premium under a plan whereby gross charge for an employee and wife would be \$1.94, the employee paying \$1.54 as his share.

Commissioner Forbes had requested an opinion on this matter and the attorney general stated that only where employees cannot pay cost of subscription may a service corporation accept payment from governmental or private agencies. He added that any plan based on a suggested "unit experience rating" would be improper, as surplus earnings must be divided equally among all subscribers.

state conferences, as it is planned to have a National association representative give an address.

Murrell Urges Action to Stop Twisting of N. S. L. I.

SAN FRANCISCO—T. G. Murrell, general agent of Mutual Benefit Life at San Francisco and chairman of the veterans committee of the California Association of Life Underwriters, is making a plea to all life men to exert every effort to overcome the recent complaints

made to Commissioner Garrison that some agents were twisting National Service Life Insurance.

Speaking informally at the special meeting of the San Francisco association, Mr. Murrell said that the business has made great gains in prestige by its efforts and stand on N.S.L.I. but that a loss is being suffered because of the activities of a small group. He urged agents to combat such activities actively and aggressively and he even suggested that any life agent engaging in such tactics be "fired." He believes most of the companies are on record as definitely

NEWS OF LIFE ASSOCIATIONS

H. F. Sharp New Virginia President

Horace F. Sharp, Virginia manager of Atlantic Life, Richmond, was elected president of the Virginia Association of Life Underwriters at its annual meeting at Virginia Beach, succeeding C. C. Nelson, People's Life, Petersburg. He has been first vice-president. He will name a new secretary-treasurer after he takes office July 1 to succeed George W. Jones, T. A. Warburton, Old Dominion Life, Charlottesville, is first vice-president and R. N. Flickinger, Atlantic Life, Norfolk, second vice-president.

The association includes in its membership 14 local associations which have a combined membership of 1,140.

By-laws were amended authorizing the appointment of a paid executive secretary or manager. While no action was taken toward filling that post, plans are for the state association and Richmond association to procure a manager and share the cost.

Roster of Speakers

Speakers at a sales congress held in conjunction with the meeting included Gale F. Johnston, second vice-president Metropolitan Life; S. Wade Marr, Elizabeth City, N. C., past president of Rotary International; Lester O. Schriver, Aetna Life, Peoria, Ill., and W. H. Andrews, Jefferson Standard, Greensboro, N. C., both N.A.L.U. past presidents. Mr. Andrews replaced H. P. Gravengard, Diamond Life Bulletin, who was unable to be present on account of the rail strike. Despite the strike there was an attendance of more than 300. Commissioner Bowles of Virginia made an extemporaneous talk. The department also was represented by Thomas T. Moore, chief examiner.

Springfield Agents and Managers Elect Bingham

Millard F. Bingham, Mutual Benefit, Springfield, Ill., has been elected president of General Agents & Managers division, Springfield Association of Life Underwriters. James Henneberry, Metropolitan, and H. N. Carter of Western & Southern, are respectively vice-president and secretary. Mr. Bingham also was elected second vice-president of the association.

Hold Ga. Annual Meeting June 21-22

ATLANTA—Charles J. Currie, Georgia Life Underwriters Association president, announces the annual meeting will be held in Savannah June 21-22.

The Citizens & South National Bank of Savannah, with branches in several Georgia cities, will entertain the association at a banquet the evening of June 21, with Lewis F. Gordon, vice-president of the bank in Atlanta, as the principal speaker. The association now has about 1,100 members.

Mayor Heads Speakers

Mayor Nugent of Savannah will welcome the delegates, with response by President Currie. W. Sheffield Owen, director of ordinary agencies of Industrial Life & Health, will speak on "Possibilities for the Life Underwriters." Hampton H. Irwin, educational director Massachusetts Mutual Life, on "Production Clinic," and J. E. Joseph, New York Life, Charlotte, on "Programming."

Comptroller General Parker of Georgia will speak at the luncheon. Afternoon speakers will include Wayman L. Dean, chairman of the N.A.L.U. committee of information, on "Public Relations," W. V. Walker, vice-president Life & Casualty, and W. J. Hamrick, agency vice-president of Gulf Life.

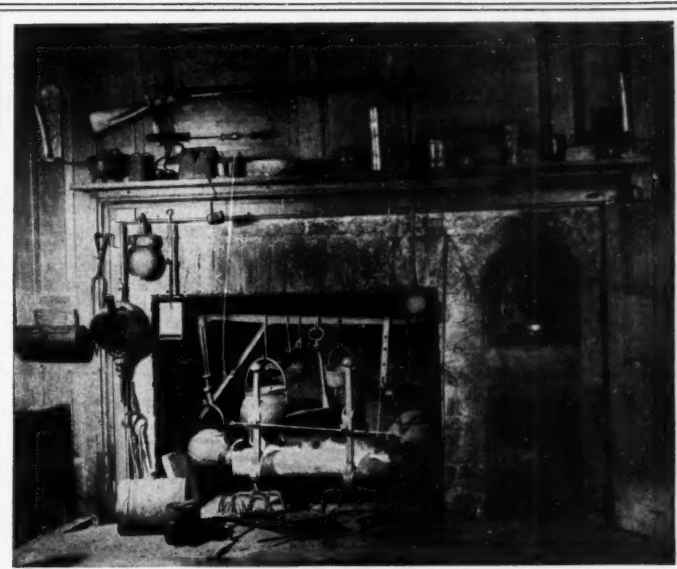
Illinois Midyear to Be in Peoria Oct. 31-Nov. 2

The dates for the midyear meeting of the Illinois Association of Life Underwriters and the sales congress sponsored by the Peoria association have been set as Oct. 31-Nov. 2, with sessions in the Pere Marquette hotel, it was announced by Kenney E. Williamson, the new president of the state association, and Peoria general agent of Massachusetts Mutual.

It is planned to start the state conference at 2 p.m. Oct. 31 and wind it up at noon the next day. There will be a meeting of the Illinois Round Table and the general agents and managers conference the second afternoon, and the sales congress will occupy all of the third day.

The dates are subject to approval by the National Association of Life Underwriters committee which has charge of

THERE'S LIFE IN THE BERKSHIRES



KITCHEN, MISSION HOUSE, Stockbridge, Mass.

Photo by Arthur Palmer

MISSION HOUSE, built in 1739 by Reverend John Sergeant, was the first mission founded for the Stockbridge Indians. This austere simple residence, now used as a museum, is furnished with authentic antiques, the names and descriptions of which appear in inventories of old wills. The Indians were constant visitors at the home of John Sergeant, who dedicated his life to dispelling the darkness in which they lived and to leading them to the light of civilization.

One of the greatest forces for keeping the American home together after the death of the wage earner is life insurance. THE BERKSHIRE LIFE INSURANCE COMPANY, now in its 95th ANNIVERSARY YEAR is glad to participate in the stabilization of American society through its contracts for family minimum income.

Berkshire

LIFE INSURANCE COMPANY

INCORPORATED 1851

HARRISON L. AMBER, President

PITTSFIELD, MASS.

— 95th ANNIVERSARY YEAR —



"Registered Policy Protection"

A strong Texas life company providing

COMPLETE PERSONAL PROTECTION

... every type of life insurance, annuity, health, accident, and hospitalization contract ... plus Registered Policy Protection ... prompt, friendly, personal Policyowners' Service ... a highly selective Agency with continuous training, among the first in the nation to enjoy Lifetime Service Commissions and Agents' Pension Plan.

M. ALLEN ANDERSON, First Vice President, Director of Agencies

Theo. P. Beasley,
President



DALLAS 8, TEXAS
HOME OFFICE

REPUBLIC NATIONAL LIFE INSURANCE CO.

opposed to twisting of N.S.L.I., with disciplinary action programmed, and that present twisting efforts are restricted to agents of certain types of companies. Mr. Murrell expressed concern over the necessity of any warning issued by state officials.

New directors of the San Francisco association are Rae S. Freeborn, Equitable Life of Iowa; Mrs. Genevieve MacLiver, Equitable Society, and William H. Hardy, West Coast Life.

W. P. Hoyer in Nashville: Moates Is New President

NASHVILLE, TENN.—"The institution of life insurance has a right to hold its head high in this land of free enterprise," William P. Hoyer, John Hancock, Columbus, O., told the Nashville Association of Life Underwriters. He insisted that "we dare not fail in our undertaking of insuring the generation in which we live."

New officers installed at this meeting were: N. B. Moates, Business Men's Assurance, president; James F. Eubanks, Metropolitan, vice-president; Fred T. Ragan, secretary. It was announced that the annual membership drive, closing June 1, resulted in 350 members, the largest ever. The association will print a yearbook, listing its members with company affiliation, address and telephone numbers. A barbecue picnic will be held June 21.

E. Tom Proctor, Northwestern Mutual, new president of the Tennessee as-

sociation, announced that it now has 1,000 members, the largest in its history.

California Association Not to Hold Convention

LOS ANGELES—The executive committee of California Association of Life Underwriters, meeting here, after discussion of travel conditions and hotel restrictions, decided not to hold its regular annual meeting in June. Instead a meeting of officers, executive committeemen and other eligible delegates who may want to attend will be held in Los Angeles or San Francisco the latter part of June, when reports will be made and new officers and executive committeemen elected.

The committee endorsed the candidacy of Charles E. Cleaton, Occidental Life, for N. A. L. U. trustee of the National Association of Life Underwriters.

Annual Alabama Convention at Birmingham June 14

The Alabama Association of Life Underwriters will hold its annual convention and sales congress June 14 at the Thomas Jefferson Hotel, Birmingham.

The morning session will begin at 10 with reports by President George E. Hester, Vice-president J. Hunter Grant, and Secretary C. L. Blackwell. Committee reports will be given, and the morning address will be delivered by E. Tom

Proctor, Northwestern Mutual, Nashville, president Tennessee Association. The luncheon address will be given by W. V. Walker, vice-president Life & Casualty of Nashville.

Other committee reports are to be heard during the afternoon session which gets under way at 2 o'clock. These will be followed by a business session, and an address by Wayman L. Dean, Life & Casualty, Jacksonville, N.A.L.U. trustee.

Kansas Round Table Officers

The newly organized Kansas Leaders Round Table has selected Corlett Cotton, Northwestern Mutual, Lawrence, as chairman; Earl Goodrich, Bankers of Nebraska, Topeka, vice-chairman, and Mearl Steen, Victory Life, Parsons, secretary. The officers, Mrs. Mina Hensley, Franklin Life, Salina, and E. E. Van Dorsten, Business Men's Assurance, Wichita, form the executive committee. More than 40 have qualified to date.

Slate McMonigle in Idaho

The Idaho Association of Life Underwriters will hold its annual convention June 22 at Pocatello.

Insurance Director Ed. McMonigle, who is permanent chairman of the interim insurance committee, will report on life insurance phases of that committee's activities.

Charleston, W. Va.—John Williams of the American College was the speaker.

Washington—The agent's wife will feature the June 12 meeting of the District of Columbia Life Underwriters Association, and Denny Nelson, Aetna Life agency department, will be speaker.

W. Neal McChord, manager at Washington for Atlantic Life, was elected president at the last meeting. Other officers were William D. Rumble, manager of Metropolitan, first vice-president; Charles F. Suter, assistant manager Berkshire Life, second vice-president.

Up for election as directors were the following, with three to be chosen: W. Elwood Baker, New York Life; Nathan Bushnell, Jr., Prudential; H. C. Fisher, Aetna; Charles Haycroft, Lincoln National; Samuel W. Keys, Jr., Equitable Society; J. Donald Sutherland, Northwestern Mutual.

Pittsburgh—C. J. Peckham, New York Life, Pittsburgh, addressed the New Castle branch Thursday, on "Scale of Performance." M. S. Yeiser, Aetna Life, speaks Friday at Butler on "Today's Market"; Paul S. Meehling, Phoenix Mutual, at Uniontown June 11 on "Priority Prospecting" and C. R. Gies, Penn Mutual, at Washington June 12 on "Hit the Dirt."

Central Iowa—Farwell Brown of Ames, who has been secretary, was elected president, succeeding Seaman Knapp of Ames. Roy Gibbs of Boone is vice-president; Harold Olson, Ames, secretary, and Wayne Daffron, Boone, treasurer.

Minnesota—The annual meeting will be held June 13 at the Somerset Country Club, St. Paul. Dick Serrill, American Mutual Life, heads the nominating committee.

Columbus, O.—E. W. Millholland, Ohio National, has been elected president; Ben F. Hadley, Equitable of Iowa, vice-president; H. L. Andrew, Equitable Society, treasurer, and Ely D. Miller, Provident Mutual, secretary. R. K. Zimmer, Penn Mutual, was named national committeeman and C. M. Wharf, New England Mutual, state committeeman.

Jackson, Tenn.—H. Clay E. Johnson, president of Interstate Life & Accident, spoke Friday.

Waterloo, Ia.—Arthur Brayton, secretary of the convention bureau, Des Moines Chamber of Commerce, spoke. A program of singing and specialty numbers was the entertainment. Final meeting of the season will be held June 8 when officers will be elected.

Logansport, Ind.—Rheuben T. Norris has been elected president; Charles Vineyard, vice-president; Herbert Crockett, secretary.

Fort Worth, Tex.—New officers are W. Barkley Palm, Amicable Life, president; Hugh Weaver, Pacific Mutual, vice-president; John J. Dannon, Jr., Reliable Life, secretary-treasurer; Joe D. Calloway, Amicable Life, national committeeman; W. Frank Cooper, Southwestern Life, state committeeman. Directors are Paul Allen, Great Southern Life; George W. Neely, Aetna Life; R. H. McClellan, Amer-

ican Hospital & Life; C. L. Tallafiero, Washington National; Harry Laue, Jefferson Standard; and J. E. Wilson, Rio Grande National.

Muncie, Ind.—Norman K. Durham is the new president; Lawrence B. Noble, first vice-president; Perry R. Knight, second vice-president; Clarke V. Chesser, secretary.

Hudson County, N. J.—Nominees are: President, Joseph W. Fox, Berkshire Life, Jersey City; vice-president, Bernard F. McDonald, Prudential, and Israel Siegel, Metropolitan Life; secretary, Martin V. Hoffman, Colonial Life.

Manhattan, Kan.—L. E. Hobbs, district manager Manhattan Mutual Life, is the new president, succeeding V. E. Bates, Franklin Life.

Parsons, Kan.—A. L. Foster spoke on "Estates and Wills," followed by an open discussion. Officers will be elected at the June meeting.

Utah—W. G. Dokos, manager of the Standard of Oregon, has been named secretary-treasurer by F. M. Kelly, the new president. He succeeds C. Duane Richards, Metropolitan Life.

Cincinnati—An outing took the place of the regular meeting. H. S. Pressler and R. D. Ross, Jr., John Hancock Mutual Life, were in charge of arrangements. The annual election will be held June 11.

Topeka, Kan.—Laird Dean, president of Merchants National Bank, spoke at a breakfast meeting. Nominations for new officers are: Martin Miller and John Tipton for president; Cecil Peterson and Charles Bray, vice-president; Frank Norman and Lloyd Perryman, treasurer.

Kansas—Harold Lunsford, Farmers & Bankers, Emporia, past president of the Kansas association, has been named National committeeman to fill the unexpired term of John S. Kerns, Pittsburg, who recently moved to Salt Lake City as Northwestern Mutual general agent there.

E. R. Murray to National Life

E. Reginald Murray of Montreal, assistant branch secretary of the Mutual Life of Waterloo, Can., has joined the agency department of National Life of Vermont in the statistical division. He received his training in the home office and in branch offices at Kitchener, Brockville and Montreal. Mr. Murray served for four years in the Canadian army.

Texas Home Office Men Elect

The Texas Home Office Life Underwriters Association began its second year by reelecting all officers. E. F. Brewer, Republic National Life, is president; W. H. Blaney, Southland Life, vice-president; R. B. Caplinger, Reserve Loan Life, vice-president; and J. H. Penter, Insuro-Medic is secretary-treasurer.

Union League Meeting

The June luncheon of the insurance membership group of the Union League Club of Chicago will be held the 17th.

The speaker will be Levering Cartwright, managing editor THE NATIONAL UNDERWRITER, who will be fresh from attending the annual meeting of the National Association of Insurance Commissioners at Portland, Ore. His subject will be "Behind the Scenes at the Commissioners Convention."

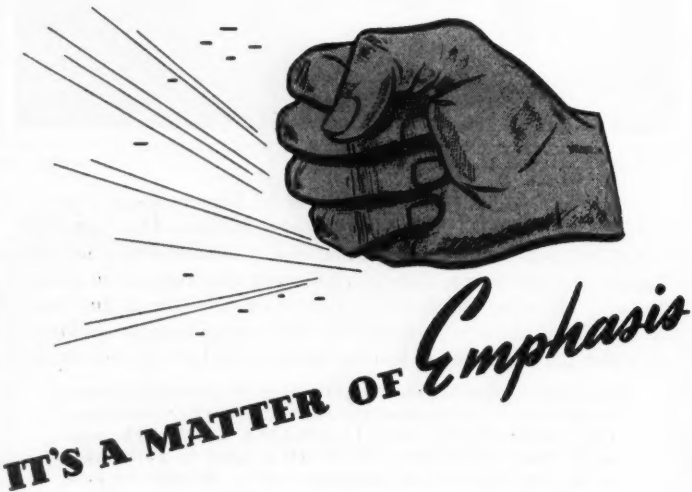
Feature Holcombe and Parker

John Marshall Holcombe, Jr., managing director of L.I.A.M.A., and John G. Parker, managing director of Imperial Life of Canada, will be featured speakers at the sales conference of Union Mutual Life at Severance Lodge, Kezar Lake, Me., June 10-13.

Form Million Dollar Club

Pacific Mutual Life has formed a new organization known as the "Pacific Mutual Million Dollar Club." Membership will be confined to those who have in force on the lives of their policyholders \$1 million or more of Pacific Mutual life insurance.

The initial roster contains 24 names. One man has \$4 million in force, three have \$2 million and 20 \$1 million.



Insurance companies vary in the emphasis they place on various aspects of their operations. Today most of them are concerned with building up their field forces and welcome the increasing availability of manpower because it enables them to do this. We too are adding field men but we're particularly pleased when we can add men to the staff whose job it is to help the agent. Here at Central Life we like to emphasize to all departments that next to providing security for policyholders, our most important job is to help the man in the field. As time goes on, we hope to do an increasingly effective job because we know...

LIFE INSURANCE BEGINS WITH THE AGENT!



Central Life ASSURANCE SOCIETY
(MUTUAL) of Iowa

June 7, 1946

LIFE INSURANCE EDITION

21

Full Text of California Decision

(CONTINUED FROM PAGE 2)

insurers at great disadvantage and eventually in nullifying all controls unless or until Congress should take over the regulation.

No such consequence has followed from the South-Eastern decision. It did not wipe out the experience of the states in the regulation of the business of insurance or its effects for the continued validity of that regulation. Much of this was concerned with the activities of so-called foreign insurance companies and, in particular, with requirements designed to secure minimum guaranties of solvency and ability to pay claims as they mature. Essentially the protection sought was against fly-by-night operators and the grosser forms of profiteering and financial mismanagement all so common in unregulated insurance activity. See generally Patterson, The Insurance Commissioner in the United States (1927).

Not Transportation

It is true that California imposes her reserve standards, for both domestic and foreign insurers, by requiring them to secure a certificate of authority to do business issued upon compliance with those conditions, in other words, by a form of licensing. But we are far beyond the time when, if ever, the word "license" per se was a condemnation of state regulation of interstate business done within the state's borders. The commerce involved here is not transportation. Nor is it of a sort which touches the state and its people so lightly that local regulation is inappropriate or interferes unreasonably with the commerce of other states. Not the mere fact or form of licensing, but what the license stands for by way of regulation is important. So also, it is not simply the fact of prohibition, but what is forbidden and for the protection of what interest, that is determinative. For the commerce clause is not a guaranty of the right to import into a state whatever one may please, absent a prohibition by Congress, regardless of the effects of the importation upon the local community. That is true whether what is brought in consists of diseased cattle or fraudulent or unsound insurance.

Here California's reserve requirements for securing authority to do business cannot be held, either on the face of the statute or by any showing that has been made, to be excessive for the protection of the local interest affected; or designed or effective either to discriminate against foreign or interstate insurers or to forbid or exclude their activities, by all who are able and willing to maintain reasonable minimum reserve standards for the protection of policyholders. Exclusion there is, but it is exclusion of what the state has the power to keep out until Congress speaks otherwise. Every consideration which supports the licensing of agents and brokers, and the authorities we have cited giving effect to those considerations, sustain the state's requirements in this respect, as do also the decisions which have sustained various measures of exclusion in protection of the public health, safety and security not only from physical harm but from various forms of fraud and imposition.

Making State Helpless

It is quite obvious, to repeat only one of those considerations, that if appellant's contentions were accepted and foreign insurers were to be held free to disregard California's reserve requirements and then to clothe their agents or others acting for them with their immunity, not only would the state be made helpless to protect her people against the grossest forms of unregulated or loosely regulated foreign insurance, but the result would be inevitably to break down also the system for control of purely local insurance business. In short, the result would be ultimately to force all of the states to accept the lowest standard for conducting the business permitted by one of them or, perhaps, by foreign countries. Inevitably this would mean that Congress would be forced to intervene and displace the states in regulating the business of insurance. Neither the commerce clause nor the South-Eastern decision dictates such a result.

Objections Without Merit

We do not intimate that this particular society's insurance is unsound or fraudulent. As to that no showing has been made. We only say that California has imposed its reserve requirements as allowable standards for securing minimum assurance to the state's policyholders in respect to performance of their policies by the insurer, not as a mere exclusionary measure in exercise of the power to bar foreign corporations altogether; and that in the absence of compliance the state can exclude the company and its representatives as it did, until Congress makes contrary command. Their remedy is not to destroy the regulatory reserve conditions, but to comply with them.

It follows also that appellant's objections founded on the provisions relating to the placing of surplus line insurance

with nonadmitted insurers are without merit. Apart from the phase relating to the requirements for obtaining the surplus line broker's license, the objection is two-fold. One is that, even if licensed, appellant would be forbidden to place the insurance with a nonadmitted insurer, unless there were no admitted one with which the risk could be written. The other, that in any event the risk could not be placed with the nonadmitted insurer for a less premium than would be accepted by any admitted insurer. The short answer would seem to be that by the reserve requirements for admission and related prohibitions the state forbids entirely the placing of insurance of the sort issued here whether with domestic, admitted or nonadmitted companies.

It remains to say a word concerning the effect of the McCarran act for this case and the contentions founded on the Fourteenth Amendment.

As for the latter, with respect to due process, the only objection advanced which is independent of commerce clause considerations, is that to sustain the state's requirements, particularly in so far as they exclude the Society from interstate operations in California and thus also appellant's activities in aid of its business, will be in effect to project California's laws into other states, here presumably Arizona, and regulate the Society's activities there. The contention is obviously without merit. Nothing which California requires touches or affects anything the Society or appellant may do or wish to do in Arizona or elsewhere than in California. Hoopeson Co. v. Cullen, supra.

Likewise the equal protection contention is wholly without substance.

Our determination has been made without specific reliance upon the McCarran act for two reasons. One is that this was not necessary. The other arises from the facts that this is a criminal proceeding, the appellant's acts held to violate the California statutes were committed in August following rendition of the South-Eastern decision in June of 1944, and the McCarran act was not approved until March 9, 1945. The effect of that statute we have considered in the Prudential case, decided today. But that case involved no criminal or penal phase and therefore no conceivable ex post facto effect. It is doubtful that more than the semblance of such an effect would be involved by reliance upon the act in this case. For it hardly could be maintained that the South-Eastern decision had the effect to convert Congress' preexisting silence concerning a matter which prior to the decision had been held not to be commerce into an expression by Congress of disapproval of these provisions of the California code during the short period intervening between the decision and the date on which appellant acted. The indicated inference, if any, would be to the contrary, wholly without regard to the McCarran act. Its effect might reasonably be taken as merely declaring or confirming expressly the inference which would be indicated from Congress's silence entirely without reference to the act's provisions. But the declaration was made, as we have said, after appellant's acts were done. And to avoid any semblance of retroactive effect in a criminal matter, we have refrained from explicit reliance upon the act in this case. It does not detract from our decision on other grounds that the McCarran act, if applied, would dictate the same result. The judgment is affirmed.

DISSENT BY DOUGLAS

Mr. Justice Douglas dissenting in part. I agree with the Court that the general license requirements which California provides for the insurance agents were constitutional under the decisions of the Court, even prior to the McCarran act. But prior to that act California could not under our decisions under the commerce clause exclude an interstate business, at least in absence of a showing that it was a fraudulent enterprise or in an unsound condition. No such showing is made here. The McCarran act changes that rule; but it should not be allowed to make unlawful what was lawful when done.

Further Pacific Mutual Non-Can Restoration

In fulfillment of the rehabilitation and reinsurance agreement of 1936, Pacific Mutual Life has sent to non-can policyholders checks and notices that it has made a third partial restoration of 8% of benefits on policies issued by the old company. This brings the total restoration to 20%. The first was 7% as of Dec. 31, 1942; the second, 5% as of Dec. 31, 1944.

Where \$50 or less was involved in full restoration, the restoration was made in full. In all cases the checks to policyholders included interest.

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LEGAL RESERVE FRATERALS

Miss Walker Is Royal Neighbors Actuary; Ling to W. O. W. of Omaha

Appointment of Miss Margaret Walker, assistant actuary of Lincoln National, as actuary of Royal Neighbors is announced. She succeeds George S. Ling, who has been appointed associate actuary of Woodmen of the World. Miss Walker started with Central Life of Des Moines. She was employed in the actuarial department there for three



MISS MARGARET WALKER

years and for the past several years has been with Lincoln National. She is a graduate of University of Illinois and is a Phi Beta Kappa. For a year she taught mathematics at University of Iowa and at the same time studied actuarial science. She is a fellow of both the American Institute and Actuarial Society.

Mr. Ling became Royal Neighbors actuary in 1940, also previously having been with Lincoln National.

N.F.C. Convention to Be Held in Chicago, Oct. 21-24

The 60th annual meeting of the National Fraternal Congress will be held in Chicago Oct. 21-24, with headquarters in Hotel Morrison.

The various sections will meet Oct. 21 and congress general sessions will hold a three-day session beginning Oct. 22.

Sterling C. Holston, Woodmen of the World, Omaha, president of the Fraternal Field Managers Association, announced that group will hold its annual meeting Sunday, Oct. 20, the same hotel. This will be a panel discussion on

field problems, such as recruiting and training of field representatives.

The Fraternal Actuarial Association, which also is affiliated with the N. F. C., as usual will hold its annual meeting at the same place, the date this year being Oct. 21. E. D. Brown of Chicago is president.

Ling Takes Up Actuarial Duties with W.O.W.

George S. Ling, formerly actuary of Royal Neighbors, Rock Island, who has been appointed associate actuary of Woodmen of the World Life, Omaha, has moved to that city and taken over the new duties.

He was born in New York City, but when a boy the family moved to Saskatoon, Can. He was graduated from University of Saskatchewan, majoring in mathematics, and was employed in the Dominion insurance department for two years, then in the actuarial department of Lincoln National Life for more than 10 years. He has been actuary of Royal Neighbors for 5½ years.

Mr. Ling has been active in the National Fraternal Congress, is chairman of its revision of blanks committee, vice-president Fraternal Actuarial Association, and member of the actuarial committee on a uniform fraternal code.



George S. Ling

Equitable Reserve Holding Quadrennial Meeting

Delegates from throughout the territory in which Equitable Reserve of Neenah, Wis., operates are attending the quadrennial meeting of the supreme assembly in Minneapolis this week, which winds up Saturday.

Trustees and several committees met Thursday and there was a reception in the evening and entertainment by the Minneapolis assemblies. President N. J. Williams is to open the convention Friday morning and there will be an address of welcome by Mayor Humphrey with response by Judge L. D. Verrier of the circuit court at Grand Rapids.

President Williams and Secretary M. L. Ridgeway will render their reports Friday morning and a number of other officers in the afternoon. The banquet will be Friday night with greetings by W. G. Fisher, executive vice-president Lutheran Brotherhood, and E. B. Hauke, president Sons of Norway, both of Minneapolis, and a talk by former Justice L. W. Youngdahl of the Minnesota supreme court, candidate for governor.

President Williams is to wind up the dinner with comment on conditions today.

Finds Life Membership Certificate Ultra Vires

Woodmen of the World of Omaha has been absolved of liability by the Tennessee supreme court under a so-called life membership certificate that was issued before the by-law providing for such a contract was repealed by W.O.W. Under the Nebraska law such a provision was ultra vires and void, and the law of Nebraska is ruling, the Tennessee court asserted.

What Certificate Provided

Edward White got the certificate in 1896. It provided that after 25 years he was to become a life member and be free of payment of further dues and assessments as well as camp dues, assessments or general fund dues. In 1899 this section was repealed.

White paid his dues until December, 1926, but thereafter paid nothing and did not qualify for reinstatement. He died in 1930.

The suit was brought to recover the face of the policy together with premiums that had been paid in excess of 25 years.

The trial court gave judgment for \$1,312.

Modern Woodmen Elect at Chicago

E. J. Bullard, Rock Island, Ill., president, and nearly all other officers of Modern Woodmen were reelected at the head camp meeting in Chicago Wednesday.

V. W. Potter, Washington, D. C., advances from sentry to escort, and new sentry is Leo E. Johnson, Pocatello, Ida. R. H. Thompson, Jr., Nashville, was elected watchman and O. E. Aleshire, former president, was made a life member.

The National Camp Secretaries Association named John Schneider, St. Louis, president, and F. L. Morgan, Des Moines, secretary-treasurer.

Pilot Mutual Insurance Association, of Cleveland, a fraternal, has been licensed by Ohio.

Unionization of Debit Men in South Sought

(CONTINUED FROM PAGE 3)

either natives of or very familiar with the people of the territory into which they are sent. Most southern companies which operate in the north are organized in their northern territories.

Chief stumbling block to union organization in the south has been the general antipathy of southerners, from the men on the debit up, toward unions. Labor leaders believe that this has been largely overcome through recent industrialization of the region.

C.I.O. Aims

As one C.I.O. official puts it, union aims are to increase the industrial agents' pay and to standardize hiring and firing, training and protection of agents from being driven too hard by managers. The official said that the C.I.O. union, by its pressure on management has been the chief factor in improving the quality of industrial business over the past ten years. By cutting down turnover and by wiping out managerial situations where the debit man is under such pressure to write new business that he will pay for policies himself one week and let them lapse the next, the union has been responsible for making a career job for the industrial agent, he said.

Asked if the C.I.O. is interested in organizing ordinary agents, the union executive replied, "The long range policy of the United Office & Professional Workers is to organize all of the white collar workers of the country under the C.I.O. banner."

Text of S. C. Tax Case Decision

(CONTINUED FROM PAGE 11)

disposed of. As for the due process contention, it was settled by a long line of authorities prior to the South-Eastern decision, that the similar provision of the Fourteenth Amendment, as well as that requiring equal protection of the laws, does not forbid the states to lay and collect such a tax as South Carolina's. Certainly the Fifth Amendment does not more narrowly confine the power of Congress; nor do it and the Fourteenth taken together accomplish such a restriction upon the coordinated exercise of power by the Congress and the states.

The argument grounded upon the first clause of Article I, § 8, requiring that excises shall be uniform throughout the United States, identifies the state exaction with the laying of an excise by Congress, to which alone the limitation applies. This is done on the theory that no more has occurred than that Congress has "adopted" the tax as its own, a conception which obviously ignores the state's exertion of its own power and, furthermore, seeks to restrict the coordinated exercise of federal and state authority by a limitation applicable only to the federal taxing power when it is exerted without reference to any state action. The same observation applies also to the contention based on Article I, § 1.

Invading State's Power to Tax

The final contention that to sustain the act, and thus the tax, would be an invasion of the state's own power of taxation is so clearly lacking in merit as to call for no comment other than to point out that, by juxtaposition with the contentions discussed in the preceding paragraph, the effect would be at one stroke to bring the act into collision with limitations operative only upon the federal power and at the same time to nullify state authority.

No such anomalous consequence follows from the division of legislative power into the respective spheres of federal and state authority. There are limitations applicable to each of these separately and some to their coordinated exercise. But neither the former nor the latter are to be found merely in the fact that the authority is thus divided. Such a conception would reduce the joint exercise of power by Congress and the states to achieve common ends in the regulation of our society below the effective range of either power separately exerted, without basis in specific constitutional limitation or otherwise than in the division itself. We know of no grounding, in either constitutional experience or spirit, for such a restriction. For great reasons of policy and history not now necessary to restate, these great powers were separated. They were not forbidden to cooperate or by doing so to achieve legislative consequences, particularly in the great fields of regulating commerce and taxation, which, to some extent at least, neither could accomplish in isolated exertion.

We have considered appellant's other contentions, including the suggestion that the McCarran act, construed as we have interpreted it and thus given effect, would involve an unconstitutional delegation by Congress of its power to the states. For reasons already set forth and others, including the fact that no instance of delegation is involved on the facts, we find them without merit. The judgment accordingly is affirmed.

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Sweeping Victory for State Taxes

(CONTINUED FROM PAGE 1)

"Here both Congress and South Carolina have acted, and in complete coordination, to sustain the tax. It is, therefore, reinforced by the exercise of all the power of government residing in our scheme. Clear and gross must be the evil which would nullify such an assertion."

In other words, a state tax law would have to be outstandingly severe and unfair to be ruled out.

Justice Rutledge said that insurance companies, from Paul vs. Virginia through S.E.U.A. to this case, have jumped from one side of the fence to the other.

The California regulation case involved a criminal charge. Robertson, who had no insurance license of any kind, solicited insurance for First National Benefit Association of Phoenix, Ariz., which was not licensed in California. The company was an assessment organization. As of 1940, the California laws prohibited licensing of these carriers, although it permitted the old previously licensed "Chapter 9" assessment companies to continue in the state. The insured had answered an advertisement of First National Benefit and Robertson had called upon him, sold the insurance and collected the premium. The company itself was not involved, the action being against Robertson for violation of the agency license laws.

In general, the facts in the Robertson case were not unlike those in Paul vs. Virginia, except that First National Benefit could not be admitted in California at all. A footnote indicates, without trying to decide the matter, that perhaps Robertson could have placed insurance in that company under the California surplus line brokers law, but Robertson was not licensed under that law either.

Quiets Previous Fears

In upholding the California laws right down the line, Justice Rutledge made it clear that the Supreme Court in the S.E.U.A. case had no intention of upsetting state supervision and held that these laws were a valid exercise of the police power of the state. He maintained that a state law has the right to exclude any type of carrier it deems unsafe for its citizens or to impose any standards of solvency, as long as they apply without discrimination.

Justice Rutledge disposed of the argument that there was illegal discrimination in the "grandfather clause" which permitted assessment companies licensed before 1940 to continue by pointing out that it applied to domestic and foreign carriers alike.

Naturally, the two decisions do not answer all the questions of state regulation and taxation, but they unquestionably leave state supervision in a strong position. In addition to apparently disposing of tax questions for good and all, they strongly indicate that countersignature laws will be upheld. It also seems safe to conclude that situations such as the Massachusetts prohibition of reciprocals will be unimpaired.

The opinions apparently do not indicate whether New York's Appleton rule will stand up in the federal courts. This rule provides for refusing admission to or ousting a company from New York if it does anything in another state which it may not do in New York.

Perhaps the most important regulatory question unanswered by these cases is the status of retaliatory laws. The U. S. Supreme Court recently noted jurisdiction in a Kansas case involving American Indemnity and it may be that the next major insurance decision will be on this point.

The decisions, of course, throw no light on the latter points of the McCarran act, involving the anti-trust

laws, Federal Trade Commission, boycott, coercion, etc. In this category, yet to be answered, are the important questions of rating and the activities of company and agency organizations.

ENCOURAGEMENT IS FELT

NEW YORK—A feeling of encouragement at the Supreme Court's upholding of the right of the states to regulate and tax the insurance business was evident among insurance men here following the court's decisions in the Robertson and Prudential cases.

Any other decision in the Robertson case would have been calamitous and while denial of South Carolina's right to levy a discriminatory premium tax on out-of-state insurers would have been more equitable and more in line with prohibition against discrimination against interstate commerce, the fact that the court so strongly upheld the power of Congress, through public law 15, to permit states to tax companies even discriminatorily gives assurance that Congress was not, in the court's opinion, overstepping its powers in affirmatively leaving these powers in the hands of the states.

The only misgiving arises in connection with the possibility that the court's opinion, by acknowledging Congress' power to permit a discriminatory tax, might be giving the green light to states that might want to carry discrimination in taxes to an extent that would build insurance tariff walls. It might be argued that the Supreme Court was only saying that Congress had sanctioned only the level of discrimination that existed when P.L. 15 was enacted but that the law could not be taken as permission to carry discrimination substantially further than that. However, those who have been following the case wanted time for further study of the opinion before committing themselves on this point.

Prudential was not appreciably downcast by the result. According to Donald Cruse, general counsel, the company has considered, ever since the S.E.U.A. decision, that the question of discriminatory premium taxes would eventually have to be settled and that was the company's sole purpose in instituting the litigation. It was not an attempt to avoid payment of premium taxes.

Mr. Cruse said until he had received and studied the complete opinion he would not be able to comment on its effect on other similar actions of Prudential which are still pending.

In the Robertson case, upholding California's right to set specifications for companies and agents, the court

made its decision on the broadest possible basis. There was no qualifying of the state's right to exclude a company, except that it must have a reasonable basis for doing so. The decision in the Robertson case was particularly gratifying to those who had their fingers crossed because the case originated under circumstances in which it was not generally realized that it would go to the Supreme Court and that so much of vital importance for the insurance business would hang on it. The result was that the record of the trial was not of Supreme Court caliber and this might well have been a factor in bringing an adverse decision in the high court.

Death Balks Collecting on Matured Policy

Death cheated 95-year-old Isaac T. Sellers of Cornelia, Ga., of his chance to receive \$1,550, face value of a policy augmented by insurance purchased with dividends. Mr. Sellers, president of the Bank of Cornelia, was too ill to receive the check when it was delivered by Hurd T. Crain, Atlanta general agent of Penn Mutual, several days before his death.

The policy had been in effect for 57 years—since 1889. May 25, maturity date of the policy, was Penn Mutual's 99th birthday. Mr. Sellers had paid a total of \$788.80 in premiums.

Additional Lecturers for Investment Seminar

The 1946 Life Officers Investment Seminar is drawing to Indiana University, where the seminar will be held July 8-20, a group of the leading economic and financial educators in this country. In addition to those previously announced, a list of those who will lecture at the seminar includes Dr. Woodlief Thomas, board of governors Federal Reserve System; Dr. Charles C. Abbott, associate professor of business economics graduate school of business administration Harvard University; Dean Elmer L. Kayser, George Washington University; Lee P. Stack, second vice-president John Hancock Mutual; Dr. P. T. Ellsworth, professor of economics University of Wisconsin; Sherwin C. Badger, financial secretary New England Mutual Life; Gerhard Colm, assistant chief of fiscal division U. S. bureau of the budget, and P. P. Stathas, senior partner Duff & Phelps.

The seminar is a project of the American Life Convention sponsored through its Financial Section.

North Central "Ad" Group Has Spirited Gathering

(CONTINUED FROM PAGE 3)

cons of "What can an advertising agency do to help us?" Among those who contributed to questions and answers, at the first session besides the scheduled speakers were Harry V. Wade, Standard of Indiana; Jack Morris, Business Men's Assurance; D. M. Tudhope, Columbus Mutual; Howard Craft, Ohio State, and E. J. Leader, Bankers of Iowa.

Direct Mail Session

Donald M. Tudhope, Columbus Mutual, was chairman of the direct mail session at which the speakers were Robert Stone, vice-president National Research Bureau, and Clyde W. Ferguson, Union Central. Mr. Stone outlined the best ways to make a direct mail test, and Mr. Ferguson outlined the direct mail methods of Union Central.

Promoting Special Campaigns

Douglas E. Thompson, president Thompson & Associates, told what constitutes a successful special promotion with merchandise prizes. Howard Craft, Ohio State; E. F. Leader, Bankers of Iowa; H. E. Nelson, General American, and E. S. Westcott, Bankers of Nebraska, told of the special campaigns used by their companies and the conclusions to be drawn from them.

John R. Hastie, Chicago manager Mutual Life, closed the meeting with an inspirational and motivating talk on the basic principles of life insurance.

Propose Chicago Fraternal Assn.

Steps in forming a Chicago fraternal underwriters association were taken at a meeting in Chicago Wednesday with Fred A. Johnson, head of Royal League of Chicago, presiding. Mr. Johnson was the originator of the project. John Jamison of Jamison & Phelps, Chicago general agent of Northwestern Mutual Life, gave a talk.

Fraternal Field Managers Meet

The executive committee of the Fraternal Field Managers Association met in Chicago Wednesday with President Sam C. Holston of W.O.W., Omaha, presiding. It considered a number of societies' applications for membership, and other business.

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Agency Heads at French Lick

General agents and managers from Indiana, Ohio, Illinois and Kentucky attended the midwest management conference at French Lick, Ind., sponsored by the Indianapolis General Agents & Managers Association, Wendell Barrett, Provident Mutual, president of that association, served as general chairman.

Judd C. Benson, Union Central, Cincinnati, speaking on "If I Had It to Do All Over," declared that "to be a good personal producer is not enough qualification to be a good manager." He said that in instances in which he had varied from principles of good management, he had usually lost. For example, out of 14 men he hired over a period of years who rated low on selection tests, only two succeeded. His experience has not been satisfactory with men under age 25 or over 50.

Randolph on Direct Mail

Albert F. Randolph, sales promotion director of Penn Mutual, told how it is using direct mail and sales promotion material to help find prospects, build prestige and prepare for the approach of the agent.

A. R. Jaqua, reporting on the progress of men attending the Purdue school, said the total group has produced over \$8 million of business. It appears that prospecting was the major problem of most of the students.

Richard E. Myer, Mutual Life, New York City, whose subject was "Step Lively, Please," stressed the need for careful selection and thorough training. His agency sponsors a class in public speaking and voice control and holds regular meetings for old and new men. Tuesday is training day in his agency. He finds that agents are ready for training if the general agent takes the lead.

Oren Pritchard, Union Central, Indianapolis, area chairman of the general agents and managers division of the N. A. L. U., discussed its work briefly.

Foster A. Vineyard, Aetna Life, Little Rock, spoke on "Don't Let the Boys Die on Third," and outlined the special work carried on in his agency. He has each step listed on a long sheet and has various duties well allocated.

B. N. Woodson, executive vice-president of Commonwealth Life, outlined how his company is attempting to do four things that must be balanced if both agent and policyholder are to be best served; to get a good production per agent and agency and to secure a low turnover of agents and a high persistency of business. "We have tried to definitize the job for both the manager and the agent," he said. He suggested that in selecting an agent, it is important to see whether or not he has "a thread of success running through his experience."

Ernest A. Crane, Northwestern Mutual, Indianapolis, trustee N.A.L.U., presided at the first business session. Paul Speicher, R. & R. Service, presided at the concluding session and summarized the talks.

"Met" Closes Branches Saturdays

NEW YORK—Local district offices of the Metropolitan Life will be closed on Saturdays during the summer months. This action followed a canvassing of those policyholders using any of the local offices on Saturday, May 18 and Saturday, May 25. Such policyholders were given printed ballots on which they could indicate their views on closing Saturdays. The vote recorded was overwhelmingly in favor of closing.

Conn. Mutual Ohio Record

The record of Connecticut Mutual in Ohio last year as reported in the table in last week's edition was erroneously stated. Its new business in the state totaled \$8,435,837 and insurance in force in Ohio was \$89,158,692.

Uniform Code Topic at Fraternal Meet

Discussion of the proposed uniform fraternal code preliminary to the conference with the commissioners on the subject at the forthcoming Portland meeting, and consideration of problems that may be met in setting up retirement plans for fraternal field workers comparable to those now in effect in numerous old line life companies, occupied most of the meeting of the Fraternal Actuarial Association Wednesday at the Edgewater Beach hotel, Chicago.

The uniform code project has been knocking about for a number of years but somehow never has come to the point of final determination. Special committees of the National Fraternal Congress and commissioners will meet jointly on the latest draft.

Group Not Far Apart

Apparently the two groups are not far apart in their ideas on any particular item in the code, but the commissioners have never approved it.

For one thing, they hold for licensing of fraternal field representatives. Also they have ideas as to segregation of insurance funds separate from funds for social activities, which it is understood numerous smaller societies, not on a strictly modern basis, disapprove. Each time the committees meet there are sufficient objections voiced to defer final consideration in favor of further study. The fraternal representatives are said generally to be in accord on the N. F. C. code proposal.

Ingolf Lee, assistant actuary, Lutheran Brotherhood, discussed amortization of bonds at the Chicago meeting, telling of a simple method and formula used by that society for two years which determines with accuracy down to .01% the yield on bonds.

Walter Rugland, actuary, Aid Association for Lutherans, gave a fine exposition of retirement plan problems, noting that fraternal have special problems to solve in this field due to much of their field representation being part-time, and including many thousands of members who are authorized to accept applications for membership, including insurance.

A. G. Gabriel, actuarial consultant, Detroit, talked on the effect of interest assumption on benefits provided by financing public employee retirement systems, such as for policemen and firemen.

Frank H. Lee, Woman's Benefit, Port Huron, Mich., chairman of the N. F. C. law committee and member of the uniform code committee, led the discussion of the latter subject.

E. D. Brown of Ekern, Meyers & Matthias, Chicago, association president, presided.

Hammond Agency of Aetna Life Has Many "Firsts"

The Wilmer M. Hammond agency of Aetna Life in Los Angeles stands first in number of ordinary life risks submitted this year; number of men on the home office leaders' list—12; recruiting results—approximately \$1 million in new paid business from agents recruited last year; new and total paid accident and health premiums this year; number of men whose accident and health accounts exceed \$2,400 in premiums; industrial leader for the country in accident and health production; number of group leaders for the year, and number of Regionnaires.

The agency this year will have 36 Regionnaires, a gain of 50% over 1945 and the largest number from any agency. It has a gain of 50% over 1945 for the first four months in new paid business and persons insured, and has \$2 million from new organization.

Rappaport C.L.U. Head

The Chicago C.L.U. chapter, at its annual meeting this week, elected Eugene Rappaport, Pacific Mutual, president;

E. S. Hewitt, independent, vice-president, and C. E. Lindstrom, Travelers, secretary.

Paul F. Millett of Spindell & Millett and Roland D. Hinkle, Equitable Society, were the speakers.

Sims Joins Pension Firm

Clifford Sims, who holds a master's degree in actuarial science from University of Michigan, has been named head of the new Cleveland office of B. E. Wyatt Co., consultants on actuarial problems and employee pension funds. He was formerly with the Jam Handy organization, which did much ballistics work in connection with bomber plane operation. Maj. James A. Hamilton, formerly of the War department contract insurance division, is also connected with the Wyatt firm.

Robert L. Rose, manager of THE NATIONAL UNDERWRITER advertising service department for 11 years before enlisting in the navy in 1942, has joined Charles D. Spencer & Associates, Chicago, in charge of production and advertising service. Mr. Rose was a navy lieutenant.

The Seattle Life Managers Association will hold its annual "Hi-Jinks" June 18 at the Olympic Golf Club. William Peterson, Provident Mutual Life, is chairman.

Harrisburg, Pa.—James W. Runk, Northwestern Mutual Life, was elected president. F. I. Neiderer, Mutual Life of New York, is vice-president and Bruce E. Butt, New York Life, secretary. Charles J. Malloy, field training instructor, Metropolitan Life, spoke at the meeting. William S. McCarthy, Metropolitan manager, retiring president, was in charge.

Chicago—The woman's division will meet June 21. Alice Reichel, Sun Life of Canada, is chairman. Mary A. Stumm, Northwestern Mutual, will speak on "Estate Planning."

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III. Personnel

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| 12. Applicant | 15. Doctor |
| 13. Beneficiary | 16. Inspector |
| 14. Agent | 17. Underwriter |
| | 18. Claim Man |

IV. Impairments

19. *Alimentary*—Mouth and Gullet, Stomach and Bowels, Liver and Gallbladder, Pancreas
20. *Cerebrospinal*—Brain and Spinal Cord, Nervous and Mental, Suicide and Presuicide
21. *Circulatory*—Blood, Bloodvessels, Bloodpressure, Heart
22. *Respiratory* — Nose and Throat, Lungs and Bronchi, Tuberculosis
23. *Genitourinary* — Urinary Tract, Pelvic and Puerperal, Venereal
24. *Structural*—Bone, Joint and Muscle, Deformities and Defects, Skin and Breasts
25. *Miscellaneous*—Biochemical, Endocrine, Poisonings, Infections, Tumors, Eye, Ear, Orphans

V. Plans

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| 26. Nonmedical | 30. Annuities |
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VI. Postscript

34. Standards and Tests

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"I SEE BY PROVIDENT NOTES..."

Although we had suspected for some years that Provident Notes—our monthly magazine for agents—was quite popular throughout the field, it remained for War to produce the proof. From Africa, from Italy, from France, from England, from the Philippines, from the far distant islands of the Pacific, came letters from our boys in the armed services—and one line which occurred and re-occurred in a great many of them was: "I see by Provident Notes....."

For Provident Notes had followed them all around the world. Wherever they were, it sought them out to tell them of their friends and associates in their own or other Provident agencies. It told them of the newest developments in life insurance—and new ways of cementing the pleasant relationship between agent and client.

You see, Provident Notes is built around one important editorial principle: Agents are Important People. Every article and news item is predicated on that formula.

And every issue is devoted to the big job of helping the agent become a more successful individual.

Its stories are, therefore, of three types: Informative, inspirational, or newsworthy. Most of the articles are written by or about the agents themselves, recounting not merely *what* they have accomplished but *how* they have accomplished it. Even the art work and the attractive covers are geared to the theme of life insurance.

But agents are not the only admirers of Provident Notes. It has won the Award of Excellence from the expert judges of the Life Insurance Advertisers Association in eight out of the last ten years.

Today, most of our service men are home again. We are glad to have them with us. One by one they are settling down to the challenges of peace. It is surprising how quickly they have resumed the skills of life insurance. And it is surprising also that as they write us from all sections of the country, their letters say again and again: "I see by Provident Notes....."

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